



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

Subscribers: Please see important notice inside.

China

**FBIS-CHI-95-016
Wednesday
25 January 1995**

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

NOTICE

Effective 3 January 1995, FBIS will no longer publish the China JPRS Report (JPRS-CAR). Material currently appearing in this report will be published in the China Daily Report (FBIS-CHI).

U.S. GOVERNMENT SUBSCRIBERS currently receiving the China JPRS Report will be sent the China Daily Report. U.S. Government customers, including Department of Defense personnel, who do NOT wish to receive the China Daily Report or wish to adjust the number of reports they receive should notify FBIS by fax at (703) 733-6042 or by phone at (202) 338-6735.

NONGOVERNMENT SUBSCRIBERS will be notified by mail in the coming weeks by the National Technical Information Service (NTIS) regarding pricing and ordering information for the China Daily Report. For immediate details call NTIS at (703) 487-4630.

Daily Report

China

FBIS-CHI-95-016

CONTENTS

25 January 1995

An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Li Peng Meets Weather Conference Delegates [XINHUA]	1
International Chamber of Commerce Backs GATT Re-Entry [ZHONGGUO XINWEN SHE]	1
Jiang Zemin Accepts Envoys' Credentials [XINHUA]	1
DPRK, U.S. Make 'Significant Progress' During Talks [XINHUA]	2
UN Security Council Condemns Attack in Israel [XINHUA]	2

United States & Canada

IPR Talks' Failure 'Won't Greatly Influence' Economy [AFP]	2
*Article Views Delinking of MFN, Human Rights [GUOJI WENTI YANJIU 13 Oct]	3

Central Eurasia

Beijing Holds Disarmament Talks With Four CIS Countries [XINHUA]	5
Russian Official Terms Report on China 'Groundless' [XINHUA]	5

Near East & South Asia

Reasons for Strain on Egyptian-Israeli Ties Viewed [XINHUA]	5
Wang Hanbin Meets With Iranian Justice Minister [XINHUA]	7

Sub-Saharan Africa

Qian Qichen Speaks on Relations With Africa [XINHUA]	7
Qian Stresses 'Respect' [XINHUA]	7
Qian on 'Mutually-Beneficial' Ties [XINHUA]	7
Qian on African Economic Development [XINHUA]	8
Qian Qichen Meets Nigerian Military Leader [XINHUA]	8

Latin America & Caribbean

Chen Jinhua, Chilean President Meet, Discuss Ties [XINHUA]	9
Cuban Foreign Minister To Visit Asia [XINHUA]	9
Brazilian Ambassador on Enhancing Ties With Beijing [XINHUA]	9
XINHUA Analyzes Mexico's Financial Crisis	10

NATIONAL AFFAIRS

Political & Social

'Source' Says Deng's Health 'Deteriorating' [Tokyo NIHON KEIZAI SHIMBUN 24 Jan]	12
Official Says Policy Not To Change Post-Deng [Tokyo KYODO]	12
Deng Health Reports Spark Jiang, Old Guard Rift [Tokyo YOMIURI SHIMBUN 24 Jan]	12
Li Lanqing Addresses CPPCC Meeting [XINHUA]	13
Ren Jianxin on Law, Order Objectives for 1995 [BAN YUE TAN 10 Jan]	14
Ren Jianxin Inspects Hainan [Haikou Radio]	15
Hu Jintao Addresses New Year Party for Veterans [XINHUA]	15
Source Says Wan Li Contracts Parkinson's Disease [Tokyo YOMIURI SHIMBUN 25 Jan]	16

Xie Fei on Leaders' Role in Party Building [QIUSHI 16 Dec]	16
Song Ping Month-Long Guangdong Tour Reported [XINHUA]	18
RENMIN RIBAO Editorial on Anticorruption Drive [XINHUA]	18
Column on Recent Anticorruption Meeting [Hong Kong HSIN PAO 25 Jan]	20
Chinese Demographer Views Population Control [RENMIN RIBAO 19 Jan]	20
Survey Reveals Youth 'Not Indifferent' to Politics [ZHONGGUO XINWEN SHE]	22

Science & Technology

Satellite Launch Scheduled in Sichuan [XINHUA]	22
Daily Reviews Booster Rocket Technology Progress [JIEFANGJUN BAO 9 Jan]	22
Seismologic Surveillance Facilities 'Damaged' [ZHONGGUO TONGXUN SHE]	23
Information Materials Lab Opens To Foreigners [XINHUA]	24

Military

Civilian Firms Help in Military Hardware Production [XINHUA]	24
Fujian Secretary Addresses Military Meeting [Fuzhou Radio]	25
Hainan Entrepreneurs Visit Paracels' Troops [ZHONGGUO XINWEN SHE]	25
Jinan PLA Official on Studying Central Decision [Jinan Radio]	25
Shenzhen Police in 'Gun Battle' With Triads [Hong Kong EASTERN EXPRESS 25 Jan]	26
*Shenzhen Public Security Cracks Down on Secret Societies [RENMIN GONGAN BAO 5 Nov] ...	27

ECONOMIC AFFAIRS

General

Zhu Rongji on Economic Difficulties, Solutions [Hong Kong HSIN PAO 20 Jan]	28
Yue Qifeng on State Firm Management on Commission [ZHONGGUO XINWEN SHE]	29
RENMIN RIBAO on State-Owned Firms Reform	30
Part 1 [19 Jan]	30
Part 2 [21 Jan]	32
Article Views Prospects for Reform in 1995 [Hong Kong CHING PAO 5 Jan]	33
*Researcher Analyzes Township Enterprises Reform [GUANLI SHIJIE 24 Sep]	36
State Asset Reappraisal To Begin Nationwide [XINHUA]	44
Authorities To Monopolize Primary Land Market [ZHONGGUO TONGXUN SHE]	44
Rules on Shareholding Companies' Land Rights [ZHONGGUO XINWEN SHE]	45
General Inspection Reveals Statistical Irregularities [XINHUA]	45
Shanghai Reaches Over 14% Economic Growth in 3 Years [ZHONGGUO XINWEN SHE]	46
CAAC Head Reads Jiang, Li Peng Instructions [XINHUA]	46
Civil Aviation Administration To Buy 22 Jetliners [XINHUA]	47
More Nuclear Power Stations To Be Built [ZHONGGUO XINWEN SHE]	47
Oil Industry To Increase Economic Efficiency [XINHUA]	47
Beijing Controls Price Hikes Through Legislation [ZHONGGUO XINWEN SHE]	48
Mainland Takes Measures To Curb Commodity Prices [ZHONGGUO TONGXUN SHE]	48
Beijing Spends \$628 Million on Food Subsidies [CHINA DAILY 25 Jan]	49
Number of Workers Living in Poverty Up in '94 [ZHONGGUO XINWEN SHE]	50

Finance & Banking

Zhu Rongji 'Criticizes' Government Bond Speculation [Hong Kong MING PAO 24 Jan]	50
More Government Bonds To Be Issued in 1995 [ZHONGGUO TONGXUN SHE]	51
Official: Tax Policy for Foreign Firms 'Unchanged' [Hong Kong CHING CHI TAO PAO 9 Jan] ..	51
Bank Official Views Results of Financial Reform [ZHONGGUO XINWEN SHE]	51
Article Praises Economic Reform; Situation 'Good' [SHENZHEN TEQU BAO 10 Jan]	52
Circular Bans Illegal Exchange Transactions [ZHONGGUO ZHENGQUAN BAO 28 Dec]	53
Central Bank To Improve Oversight of Foreign Banks [XINHUA]	54
New Import-Export Bank 'Performing Well' [XINHUA]	54
Hainan Promotes Joint Stock System [XINHUA]	55
Rural Shareholding Cooperative System Expanding [JINGJI CANKAO BAO 24 Nov]	55
*October Shanghai Stock Market Activities Viewed [CHING-CHI TAO-PAO 7 Nov]	56

*Domestic Trade Official Views 1994 Futures Market [JINRONG SHIBAO Dec]	57
---	----

Foreign Trade & Investment

Li Lanqing on International Chamber of Commerce [CHINA DAILY 25 Jan]	58
State Patent Bureau Intensifies IPR Protection [ZHONGGUO TONGXUN SHE]	59
First National Patent Market Established [ZHONGGUO TONGXUN SHE]	60
Foreign-Funded Wholesale Firms Not Permitted [XINHUA]	60
Railroads Seek Foreign Investment [Hong Kong MING PAO 7 Jan]	60
Anhui Province Sees Rapid Export Expansion [XINHUA]	61
Figures Show Export Volume Soars in Fujian Province [XINHUA]	61
Illegal Foreign Exchange Futures Trading Halted [ZHONGGUO XINWEN SHE]	62
Jiangsu's Joint Ventures Increase in 1994 [XINHUA]	62
Shenzhen Hosts Conference on Ties With East Asia [XINHUA]	62
More Value-Added Products in Total Exports [CHINA DAILY 25 Jan]	62

Agriculture

Minister Addresses Agriculture Conference [NONGMIN RIBAO 11 Jan]	63
Governor: Agriculture Priority for Shandong Economy [ZHONGGUO XINWEN SHE]	65
Editorial Urges Increasing Agricultural Output [NONGMIN RIBAO 11 Jan]	66
Guangdong Seeks To Preserve Acreage of Farmland [CHINA DAILY 25 Jan]	66
Jilin Reports Grain Procurement [JINGJI RIBAO 26 Dec]	67
Xinjiang Farmers Encouraged To Reclaim Desert Land [XINHUA]	67

REGIONAL AFFAIRS

East Region

Anhui Party Congress Elects New CPC Committee Members [Hefei Radio]	68
Fujian Licensing for Land Transfers Noted [ZHONGGUO XINWEN SHE]	68
Editorial on Jiangsu's Modernization Goals [XINHUA RIBAO 26 Dec]	68
Jiangxi Governor Inspects Life at Grass-Roots Level [Nanchang Radio]	70
Jiangxi Province Sees 18 Percent Economic Growth [XINHUA]	70
Shanghai CPC Committee Holds Plenary Session [JIEFANG RIBAO 29 Dec]	71
Shandong Boosts Rural Telecommunications Network [XINHUA]	74
Shanghai Finalizes 1995 Industrial Blueprint [JIEFANG RIBAO 6 Jan]	74
Zhejiang Province Registers Fast Economic Growth in '94 [ZHEJIANG RIBAO 31 Dec]	74

Central-South Region

Shenzhen Revamps Industrial Restructuring Policies [ZHONGGUO TONGXUN SHE]	75
Zhao Fulin Speaks at Guangxi Zhuang CPPCC Session [Nanning Radio]	76
Reportage on Guangxi People's Congress	77
Chairman Gives Report [Nanning Radio]	77
Zhao Fulin Elected Chairman [Nanning Radio]	77
Interview With Zhao Fulin [Nanning Radio]	78
Hainan Leaders Attend Seminar on Market Economy [Haikou Radio]	78
Hunan Holds Meeting To Discuss Unemployment [Changsha Radio]	78
Hunan Trade Meeting Calls For Increased Reform [Changsha Radio]	79
Nankun Railway To Join Southwest, Coastal Region [XINHUA]	79

Southwest Region

Guizhou Holds Provincial Economic Work Conference	79
Secretary, Governor Address Meeting [Guiyang Radio]	79
Affirms 'Spirit' of Central Meeting [Guiyang Radio]	80
Chengdu Radio Reports on Sichuan Governor	80
Addresses Meeting on Stability	80
Meets Hong Kong Entrepreneur	81
Attends Enterprise Leaders Forum	81

Sichuan's Service Sector Sees 'Rapid' Growth [XINHUA]	81
Sichuan Promotes Social Insurance Sector [XINHUA]	81
Lhasa Radio Reviews Tibet's Work in 1994	82
On Transportation Work	82
Views Market Performance	82
Reviews Progress in Opening Up	83
Views 'Big Development'	83
Reviews Capital Construction	84
Views Industrial Performance	85
Tibet Sees 'Upsurge' in Studying Deng's Theory [XIZANG RIBAO 2 Jan]	85
Tibetan Edition of FORTNIGHTLY CHAT Published [XINHUA]	85
Yunnan Secretary Attends Organizational Work Meeting [Kunming Radio]	86
Yunnan Secretary Addresses Party Training Course [Kunming Radio]	86
Yunnan Governor on Social Development Investment [Kunming Radio]	87
Yunnan Governor Addresses Financial Work Meeting [Kunming Radio]	87

Northwest Region

Shaanxi Enforces Mandatory Addiction Treatment [SHAANXI RIBAO 25 Dec]	88
---	----

PRC MEDIA ON TAIWAN AFFAIRS

Continuing Media Coverage of SEF, ARATS Talks	91
ARATS Official on Progress [Beijing Radio]	91
China, Taiwan 'Basically' Agree [ZHONGGUO XINWEN SHE]	91
Wang Zhaoguo Meets SEF Official [XINHUA]	92
Accords To Create 'Conditions' [XINHUA]	92
Consensus on Cultural Exchanges [XINHUA]	93
'Hotline' Telephone Links Hainan, Taiwan [XINHUA]	94
Success of Taiwan-Funded Enterprises in Jiangsu [XINHUA]	94
Article on 'Fallacy of Taiwan Independence' [RENMIN RIBAO 20 Jan]	95

TAIWAN

Government, Taiwan Reach Accord on Hijackers [Tokyo KYODO]	96
UK Minister on Boosting Trade Ties [CNA]	96
Third Round of Trade Talks With ROK Ends [CNA]	96
Organization Supports Taiwan's UN Bid [CNA]	97
Government Unveils Manufacturing Blueprint [CNA]	97

HONG KONG & MACAO

Hong Kong

Court Orders Release of SRV Migrants [Hong Kong SOUTH CHINA MORNING POST 25 Jan]	98
Article Views Future Trade Ties With PRC [RENMIN RIBAO OVERSEAS EDITION 9 Jan]	98
Daily Publishes Makeup, Role of PRC Advisers [Hong Kong HONGKONG STANDARD 25 Jan]	100

General

Li Peng Meets Weather Conference Delegates

OW2401140795 Beijing XINHUA in English 1351
GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (XINHUA)—Chinese Premier Li Peng today called for increased cooperation among all countries in the world in meteorological services so as to render still greater contributions to the world-wide economic and social development.

Li Peng made the call during a meeting with all the meteorologists attending the 32nd bureau session of the World Meteorology Organization (WMO) in the Great Hall of the People here today. The main task of the session is to make preparations for the forthcoming 12th WMO congress.

As a special organ of the United Nations, the WMO has done effective work in promoting meteorological cooperation, coordinating meteorological activities and enhancing scientific exchanges in this regard. WMO should increase timely information for cooperation which is of benefit to all, Li said.

China has had longstanding friendly, cooperative relations with WMO. Li thanked the WMO for its help to China and its commitment to contributing to strengthening the cooperation among all WMO members.

Despite conspicuous achievements in modernizing China's meteorological services, China, however, had much more to be done to meet the needs of the economic and social development and of the actual demands of the people's daily life, Li said.

The Chinese Premier added that the Chinese Government had been taking positive measures to modernize the country's meteorological services to reduce the loss of natural disasters and increase the ability of guarding against, monitoring and forecasting natural adversities.

Zou Jingmeng, WMO president and director of the China Meteorological Bureau, briefed the Chinese premier on the session. WMO Secretary General G.O.P. Obasi of Nigeria, and WMO first vice-president J. Zillman of Australia thanked the Chinese Government for the considerate arrangements for the session. They both held that China had played an important role in promoting the meteorological development and global cooperation.

International Chamber of Commerce Backs GATT Re-Entry

HK2401124295 Beijing ZHONGGUO XINWEN SHE
in English 1144 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (CNS)—An official of the International Chamber of Commerce (ICC) says that the ICC is very concerned with China's

restoration to the General Agreement on Tariffs and Trade (GATT) as a signatory country so as to become a founding member of the World Trade Organization (WTO) and the Chamber will give China its every support.

The ICC, like the GATT, is an established international trade organization. It aims to promote free trade based on open and fair competitions and it often plays the role of a mediator in the international scene.

China has just become a member of the ICC and the Chinese National Committee of the International Chamber of Commerce has been set up. An authoritative source says this will be highly helpful to China's rejoining the GATT.

At a ceremony for the founding of the Chinese Committee, ICC's representative says that China's return to the GATT would boost international multi-lateral trade activities. The WTO needs China and China needs the WTO too. He wishes China would persistently make its efforts for its resumption to the WTO and get over obstacles in this sector.

The ICC official stresses that ICC is all for world multilateral trade and is a faithful promoter for it. China's joining of the world trade body would mean its greater commitment to its market economic system and free circulation of commodities and capital. This is of great significance to the international business circles.

Zheng Hongye, President of the China International Chamber of Commerce and Chairman of the China Council for the Promotion of International Trade, points out that the establishment of WTO on January 1, 1995 would help tackling trade protectionism and stimulate open trade. But whether it can achieve the framework agreement reached in the Uruguay Round of world multi-lateral trade talks leaves to be seen. Still its broadness of representation is much in doubt without China's participation. Some commonly-used practices in the international trade sector have also become outdated and tedious as the world economy is booming. Problems in this sector can only be solved through co-operation among countries.

Zheng states that China will take positive efforts through proper channels to regain its GATT membership within 1995 and pave the way for China to join the WTO as a founding member.

Jiang Zemin Accepts Envoys' Credentials

OW2501045995 Beijing XINHUA in English 0324
GMT 25 Jan 95

[FBIS Transcribed Text] Beijing, January 25 (XINHUA)—Chinese President Jiang Zemin accepted the credentials of the new ambassadors from Canada, Iceland and Senegal at a ceremony in the Great Hall of the People today.

The three new ambassadors are John Paynter of Canada, Hjalmar W. Hannesson of Iceland and Amadou Deme of Senegal.

Jiang met and had friendly conversations with them respectively after the credentials presentation ceremony.

DPRK, U.S. Make 'Significant Progress' During Talks

OW2401224095 Beijing XINHUA in English 1607 GMT 24 Jan 95

[FBIS Transcribed Text] Pyongyang, January 24 (XINHUA)—The Democratic People's Republic of Korea (DPRK) and the United States have made significant progress in their second round of talks held here on the safe storage of the spent DPRK nuclear fuel rods.

According to the Korean Central News Agency, nuclear experts from the two countries discussed for three days ending last Friday [20 January] issues relating to the storage and disposal of the 8,000 spent fuel rods which were removed from the 5-megawatt graphite reactor in Nyongbyon County last May.

The talks were "useful and constructive" and "significant progress was achieved," the news agency said.

After the discussions, some of the experts visited the Nyongbyon Center for Atomic Energy Research and analyzed the storage of the spent fuel rods for another three days.

The U.S. experts are to leave here today.

UN Security Council Condemns Attack in Israel

OW2501012795 Beijing XINHUA in English 2254 GMT 24 Jan 95

[FBIS Transcribed Text] United Nations, January 24 (XINHUA)—The Security Council on Tuesday [23 January] "strongly condemned" the terrorist attack which took place in Nordiya, Israel, last Sunday.

In a presidential statement made on behalf of the 15-member council, Argentine Ambassador Emilio Cardenas said the attack was made "with the clear purpose of trying to undermine the Middle East peace efforts."

"The members of the Security Council call upon all parties to continue their efforts to consolidate the peace process," he said, adding that they believe "common ground can only be found through the practice of dialogue, respect and tolerance."

The members also extend their condolences to the families of those who died as a consequence of the explosions and wish a speedy recovery of the wounded.

In a letter to UN Secretary-General Butrus Butrus-Ghali on Monday, Israel's UN Ambassador, Gad Yaacobi, terrorists detonated two explosive devices, timed several minutes apart, at a crowded bus stop at the Sharon

Junction in Central Israel, killing 19 people, wounding 66, of whom 13 in critical condition [sentence as received].

He called upon the parties in the region and the entire international community to cooperate in combating all forms of terrorism.

United States & Canada

IPR Talks' Failure 'Won't Greatly Influence' Economy

HK2501104995 Hong Kong AFP in English 1007 GMT 25 Jan 95

[By Tiffany Bown]

[FBIS Transcribed Text] Beijing, Jan 25 (AFP)—China and the United States continued talks here Wednesday aimed at averting a trade war over copyrights as a Chinese official said Washington's threatened sanctions would have little impact here.

"If there is no agreement in the negotiations, it won't greatly influence the Chinese economy," said State Statistical Bureau chief economist Qiu Xiaohua.

"The U.S. sanctions are worth about 2.8 billion dollars. For such a big country as China, 2.8 billion dollars doesn't account for too much," said Qiu, referring to the value of Washington's preliminary list of 23 categories of items, including electronics, footwear and toys.

If negotiators, who resumed talks Tuesday, fail to reach an agreement on intellectual property rights (IPR) protection ahead of Washington's February 4 deadline, sharply higher tariffs are to be imposed on Chinese imports worth more than one billion dollars.

The figure is similar to the estimated annual value of losses of U.S. firms from piracy in China.

China has threatened retaliatory measures, including a halt to automobile joint venture talks and higher tariffs on goods from cassette tapes to cigarettes and alcoholic beverages.

"I think the United States will lose more in the trade war because the restrictions from the United States are concentrated on products that are needed by U.S. citizens," Qiu said.

Several U.S. industries agreed with Qiu's view during hearings Tuesday in Washington aimed at deciding which sections of Chinese trade should be targeted, saying sanctions would harm U.S. industry without changing Beijing's policy.

However others, notably software manufacturers who have been particularly hard hit by rampant piracy in China, urged Washington to impose the toughest sanctions possible.

The United States estimates that 96 percent of all software sold in China is pirated, while alleging that 95 percent of the 80 million fake compact discs produced by 29 plants in southern China are exported.

The IPR talks resumed this week after being adjourned Saturday at the end of four days of meetings in order to allow negotiators from the two sides to consult their respective governments.

A U.S. embassy spokesman said it was unclear how long the latest round of talks would last, commenting only that they had been resumed "with the goal of achieving an agreement."

Qiu likewise said he would welcome an early agreement.

"The United States is the world's largest developed country and China is the largest developing country, so maintaining normal relations between the two will benefit the world and the two countries," he said.

He reiterated Beijing's view that "there is a way to work out this problem" if both sides negotiated on equal footing, a reference to Chinese allegations that the U.S. negotiators have tried to bully China, making demands going well beyond the scope of IPR.

***Article Views Delinking of MFN, Human Rights**

95CM0041A Beijing GUOJI WENTI YANJIU
[INTERNATIONAL STUDIES] in Chinese No 4, 13
Oct 94 pp 1-6

[Article by Pan Tongwen (3382 0681 2429): "Most-Favored-Nation Status and Sino-U.S. Relations;" information in portion omitted was previously published in the 15 July 1994 China Daily Report pp 1-3 under the headline "Article Views President Clinton's MFN Decision"]

[FBIS Translated Excerpt] [Passage omitted] 4. Clinton decides to renew China's most-favored-nation [MFN] status, delinks it from the human rights issue.

The decision Clinton announced on 26 May is a major step in the adjustment of his China policy. Its three implications are given below.

(1) The policy of using MFN status as a means of pressuring China has become thoroughly bankrupt. The primary reason that Clinton decided to use MFN as a means to pressure China was that he believed "the United States is the largest buyer of Chinese products and services," and that since China is in great need of the U.S. market, the United States has only to insist on applying pressure to force China to give in to U.S. demands (this was the chief basis which Congresswoman Nancy Pelosi and others used to insist on conditional extension of China's MFN status). However, Clinton's calculation was utterly mistaken. One reason for this was that he failed to foresee that because MFN provides mutual, reciprocal benefits, attaching conditions to China's MFN status would harm not only China, but the

United States as well. Thus opposition came not only from China, but also from concerned quarters in the United States, especially the business world. Consequently Clinton came under attack domestically and abroad, putting him in a very embarrassing situation. Another reason is that Clinton did not anticipate such resolute opposition from China. When the Chinese leadership indicated that China would not allow interference in its domestic affairs in order to obtain MFN status, and that the United States would forever lose Chinese markets if MFN status were revoked, Clinton's policy of using MFN to pressure China became thoroughly bankrupt, forcing him to return to Bush's old tack of "maintaining constructive contacts" with China. The U.S. *Journal of Commerce* stated that the Clinton administration "has too little influence over China, and cannot consider revoking MFN status" as a means of intimidation. The British weekly journal *The Economist* wrote that Clinton at first did not perceive clearly what U.S. interests in China were, and worse, did not give full consideration to how these interests could best be realized, nor did he see that MFN status was "hopeless as a policy tactic," analogous to posing a mutual threat by initiating a nuclear war. Playing the MFN card "could never cause China to submit."

(2) Clinton removes human rights from center of Sino-U.S. relations, takes a more practical stand Clinton's foreign policy was characterized by "idealism" seen by his making the promotion of democracy and human rights worldwide one of the three main tenets of his foreign policy, and even placing human rights at the center of Sino-U.S. relations. But with China he has attempted to "further the cause of human rights" while at the same time pursuing strategic and economic interests. When these interests could not be mutually accommodated, or when they come into conflict with one another, he gave priority to strategic and economic interests, and in particular to economic interests and not human rights. There is no better proof of this than his decision to extend MFN to China into 1994 and discontinue the linking of MFN status to human rights in the annual MFN review, in spite of his belief that China has failed to live up to his seven criteria of human rights. Many commentators have pointed out that Clinton's decision of 26 May is a case of "economic interests outweighing human rights," or "trade displacing human rights." Clinton's failure to keep human rights at the center of Sino-U.S. relations is due on one hand to his greater concern for U.S. strategic and economic interests in China, and on the other hand to the absolute futility of his original policy given China's steadfast opposition to U.S. use of human rights as an excuse by which to interfere in its domestic affairs. As Henry Kissinger and Cyrus Vance, former U.S. secretaries of state, put it, "China is a large country—it will not comply with others' telling it how to run it or its economy." Former President Bush also noted, "China will not govern itself in accordance with America's orders," and that "the situation in every nation is different, and the United

States should not go around schooling others, ...but should maintain and develop good relations with China." When confronted with reality, Clinton has grown more realistic, and will in the future approve of broader contacts with China, concentrating in particular on furthering human rights by developing trade relations with China, thereby moving China in the direction the United States wishes.

(3) Clinton reemphasizes China's strategic status. The U.S. fuss over human rights and MFN in China since 1989 was in large degree due to the U.S. belief that China's strategic value had declined. Clinton's renewal of MFN for China into 1994 and his delinking it from human rights is due to his renewed recognition of China's strategic value. He said, "A 21st century economy is forming in China," China "is an important factor in the security of Asia and even the world," and the United States must "treat relations with China from the perspective of broader U.S. interests in the Asia-Pacific region." China's cooperation is needed in many major issues, China has a unique role in some global issues, and U.S. international efforts would be for naught without China's cooperation. Clinton's current emphasis on China's strategic status is clear, and explains why he is stressing the establishment of long-term, constructive relations with China. Clinton's understanding of China's importance is a positive factor in promoting Sino-U.S. relations.

5. Prospects for Sino-U.S. Relations After the Delinking of MFN From Human Rights

President Clinton made a wise decision when he renewed China's MFN status in 1994 and delinked human rights from the annual review of China's MFN status. This move is very positive. Not only does it avert the outbreak of a China-U.S. trade war that could potentially damage Sino-U.S. relations in general, it will also work to enhance and expand Sino-U.S. economic relations and trade while further improving and developing the overall relations between the two countries. In the past several months, contacts and exchanges between China and the United States have risen markedly, most notably high-level Sino-U.S. military dealings and trade relations. Following the visit of Frank Wisner, U.S. deputy secretary of defense, to China in March, Admiral Charles Larson, commander in chief of the U.S. Pacific Command, visited China in July. In return, a party including Xu Huizi, assistant chief of the general staff of the Chinese People's Liberation Army, responded to an invitation from the U.S. Defense Department and visited the United States in mid-August. Sources confirm that U.S. Secretary of Defense William Perry will visit China this fall to arrive at an agreement with China on the establishment of a Sino-U.S. joint committee. In the realm of economics relations and trade, immediately after the completion of a visit to China by Jeffrey Garten, U.S. deputy secretary of commerce, U.S. Secretary of Commerce Ron Brown led a twenty-four member U.S. trade delegation comprising managers of major

U.S. firms and the governor of West Virginia on a trip to China at the end of August, during which they signed a large number of contracts with China. U.S. officials noted that Brown's trip to China was "a new start for U.S.-Sino relations" and that it "will open a new era in U.S.-Sino relations." The strengthening of Sino-U.S. military and economic and trade relations indicates to a certain degree that Sino-U.S. relations are currently ripe for development, and that if the two sides value this opportunity and work to increase trust and advance cooperation, Sino-U.S. relations will certainly move further ahead.

Nevertheless, some have also noticed that even as President Clinton announced his decision to renew MFN status for China while delinking China's MFN status from human rights, he will continue with sanctions against China because of human rights, and "will search for a new and vigorous plan" that will "to the largest extent advance the cause of human rights (in China)." This vigorous plan includes promoting human rights in China through the United Nations, supporting China's non-governmental organizations and maintaining contacts with those in China who "hold differing political views," increasing Voice of America broadcasts and setting up a "Radio Free Asia," and urging U.S. companies in China to set "voluntary compliance principles" in order to promote human rights in China. Clinton stated clearly that, "the current issue isn't whether or not we continue to support the cause of human rights in China, but how we can best support the cause of human rights in China while also giving consideration to other very important issues and to U.S. interests." This indicates clearly that although Clinton will no longer link China's MFN status to human rights, and that in the future human rights issues may not occupy center stage in Sino-US relations, he will continue to use human rights to interfere in China's domestic affairs. Consequently, human rights will remain an important issue in Sino-U.S. relations, and will necessarily continue to influence Sino-U.S. relations.

Also, one should note that even after the uncoupling of China's MFN status from human rights, disputes and conflicts between China and the United States on trade, arms sales, Tibet, and Taiwan remain. Some among these disputes and conflicts could worsen, yet at present, the Clinton administration still seems to have no intention of taking an active stance. For instance, regarding arms sales, the Clinton administration still appears to have no intention of removing sanctions against China. As for trade, the Clinton administration still creates friction rather often, has announced that it will use the "Super 301 Clause" to impose sanctions against China, and has also blocked the early recovery of China's status as a signatory to GATT. As for Tibet, Anthony Lake, U.S. assistant to the President for national security affairs, indicated that Clinton's decision to renew China's MFN status "does not affect the U.S. Government's position on Tibet," and "this issue is still on our agenda." Regarding the even more prominent issue of

Taiwan, the U.S. Congress (primarily the Senate) has recently passed a series of amendments upgrading relations between the United States and Taiwan, permitting visits to the United States by Taiwan's "president," allowing "high-level exchanges" between the United States and Taiwan, and even supporting Taiwan's re-entry into the United Nations; moreover, the Clinton administration has also consistently sold advanced weapons to Taiwan (it recently approved the sale of the first batch of 600 "Stinger" guided missiles), and, disregarding staunch China's opposition, has decided to undertake a series of measures to upgrade U.S.-Taiwan relations, creating "two Chinas" and "one China, one Taiwan," thereby seriously violating the principles defined in the three Sino-U.S. communiques, grossly interfering in China's domestic affairs, and trampling on China's sovereignty. Given the Clinton administration's attitude on the foregoing issues, and its recent failure to take an active stance regarding them, it appears that in the wake of MFN, there will not be a rapid or noticeable improvement in overall relations between China and the United States anytime soon. The essential reason for the Clinton administration's failure to take an active stance regarding obstacles to the development of Sino-U.S. relations is that it is still unprepared to thoroughly forego a policy of pressuring and containing China. Thus, in the upcoming period, Sino-U.S. relations will be one of cooperation marked by frequent friction and conflict. The further improvement and development of overall relations between China and the United States will be a tortuous and complex process.

Central Eurasia

Beijing Holds Disarmament Talks With Four CIS Countries

OW2401150695 Beijing XINHUA in English 1444
GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (XINHUA)—China and four members of the Commonwealth of Independence States (CIS) today concluded their 14th round of talks on the reduction of military forces in their border areas and confidence-building in the military.

The talks were held here from January 9 to January 24 between a Chinese delegation and a joint delegation of the four CIS states: Kazakhstan, Kyrgyzstan, the Russian Federation, and Tajikistan. Both delegations were made up of diplomatic and military experts.

The two sides exchanged views on the above matters while meeting in a friendly and pragmatic way, Chinese sources said.

They have agreed that the next round of talks is to be held in Almaty, the capital of Kazakhstan, according to the sources.

During the talks here, Chinese Vice-Foreign Minister Dai Bingguo met with the delegations.

Russian Official Terms Report on China 'Groundless'

OW2101082295 Beijing XINHUA in English 0741
GMT 21 Jan 95

[FBIS Transcribed Text] Moscow, January 20 (XINHUA)—A Russian official said today that the Beijing-based correspondent of Russian newspaper IZVESTIYA has made a "totally groundless" conclusion that China criticizes Moscow's nuclear policy.

The IZVESTIYA story, which was filed by Skosyrev and appeared in the newspaper on January 14, said that "China resents Russia's intention not to stop its nuclear arms race" and that "China is upset by Russia's refusal to commit itself not to be the first to use nuclear weapons".

Grigory Karasin, Press Bureau Director of the Russian Foreign Ministry, told a press briefing here today that the IZVESTIYA correspondent has wilfully garbled a January 4 commentary of the Chinese "PEOPLE'S DAILY".

Karasin said that anyone will see that the correspondent's conclusion is "totally groundless" if he takes the trouble going through the original Chinese text of the PEOPLE'S DAILY commentary.

What the PEOPLE'S DAILY said in the commentary, entitled "'Cold Peace' And Nuclear Arms Race", is that "despite the conclusion of their disarmament treaties, the United States and Russia have not halted their nuclear arms race."

The commentary also said that "As the nuclear disarmament is progressing, the two major nuclear powers need to increase their mutual trust and transparency."

Near East & South Asia

Reasons for Strain on Egyptian-Israeli Ties Viewed

OW2401130895 Beijing XINHUA in English 1202
GMT 24 Jan 95

["News Analysis" by Kang Xingping]

[FBIS Transcribed Text] Cairo, January 23 (XINHUA)—Egypt, the first Arab country ever to have reconciled with its longtime foe of Israel, has been locked in a verbal contention with the Jewish state recently.

The two countries have been at loggerheads over the nuclear Nonproliferation Treaty and accused each other of being responsible for the stalled Middle East peace talks.

Directing at Israel, today's local English-language daily, THE EGYPTIAN GAZETTE, carried President Hosni Mubarak's statement that Egypt will not bow to any pressure.

"Egypt's dignity is valuable. Egypt will not allow any one to violate or disrespect this dignity," the paper clarified the country's position, citing Mubarak's statement made to a prominent local publisher.

Last week, Israeli Prime Minister Yitzhak Rabin initiated the threat by stressing the need to remain on a war footing with a series of punitive measures against Egypt, which, plus its refusal to sign the nuclear Nonproliferation Treaty, triggered a crisis in its relations with Egypt.

In his response, Mubarak made a counterattack, expressing his regret that Rabin threatened with war at a time when the peace process in the region was well under way. He declared unless Israel signs or at least expresses its promise to sign the treaty, which will be renewed in April, Egypt will not sign it.

In addition, an Israeli Foreign Ministry document reportedly recommended that Israel deprive Egypt of its role as regional peace broker by moving the Israeli-PLO peace negotiations out of Cairo. It said Israel could also gather evidences of Egypt's human rights abuses and present them in Washington so as to undermine the badly-needed U.S. aid to Egypt.

The report triggered an outcry in Egypt, although Israeli Foreign Minister Shim'on Peres hastened to deny it later.

The relations appeared to further strain last Wednesday [18 January], when Mubarak blamed Israel for stalled peace negotiations in his talks with French President Francois Mitterrand in Paris. One of the top topics of talks between the two presidents was the Middle East peace process.

While expressing his hope that the "differences" between Egypt and Israel would be abated, Mubarak kicked the ball to the Israeli side. "It depends on what the other party does. They should behave in a way that helps the peace process," he said.

On Sunday, Egyptian Foreign Minister Amr Musa said that his country will not sign the nuclear Nonproliferation Treaty unless Israel signs. He told a senior U.S. official, who is currently visiting the country, that Egypt seeks to maintain regional security and stability on the basis that the security should equally cover and involve all countries of the region both in rights and obligations.

Israel, however, said that it will not sign the treaty until a complete peace is achieved in the Middle East region.

"Complete peace must come first, and then the next step is to sign the pact," Israeli Deputy Foreign Minister Yossi Beilin said following a meeting with Mubarak's chief political adviser Osama el-Baz in Cairo Sunday.

The stands between the two sides are quite apart. Analysts here believe that several causes were behind the verbal contentions between the two countries.

First of all is the difference between the two countries on the nuclear issue. Israel insists on possessing a huge nuclear arsenal while Egypt is calling for the removal of mass destruction weapons from the region. Israel, in a bid to justify its position, attempted to divert attention to Iran and Iraq.

According to a Middle East strategy expert here, "the size of any nuclear capability which Iran or Iraq might possess would be nothing compared to the huge Israeli arsenal."

The second cause is Israeli displeasure with the slowed peace talks, in which it believes Egypt has played a non-constructive role recently, notably, the Alexandria mini summit of Mubarak, King Fahd of Saudi Arabia and Syrian President Hafez al-Asad. Israel viewed the summit as directed against it.

On the part of Egypt, which pioneered the Arab reconciliation with Israel in 1979 and helped bring Israel and the PLO closer in 1993 to strike the Oslo Accord on Palestinian self-rule in Gaza and Jericho, it has much for reflection as the successive Israel-PLO talks ran into many obstacles.

Diplomat sources in Cairo said that Egypt might think the PLO made too many concessions for the signing of the Oslo Accord for which Egypt played an important mediating role, so that it has confronted with too many problems in the talks later. Drawing lessons from the experience, Egypt has decided to support al-Asad on the return of the Golan Heights, which was seized by Israel in the 1967 Middle East war.

Despite denials by Egyptian officials, analysts here believe al-Asad sought the support of Egypt and Saudi Arabia to slow down the pace of Arab normalization of relations with Israel. The fact that Egypt hosted the summit was a cause for Israeli displeasure, and Israel regarded it as designed to dissuade Arab countries from normalizing relations with it.

Murad el-Dessouki, a strategy expert from the think-tank of Al-Ahram Center for Political and Strategic Studies, said that "Israel became impatient with the slow process of normalizing bilateral relations, the pace that continues to be cold."

Israel's war-like threats, he said, revealed the mentality of the Israeli leadership. "I believe those threats will make the Arab countries reluctant to take positive steps in Israel's direction. Moreover, its relations with Egypt were badly affected."

Nevertheless, all these were one side of the maneuvers. Officials of the two sides acted quickly to contain the bilateral crisis.

Israeli Foreign Minister Shim'on Peres have denied the report on penalizing Egypt. Jacob Setty, in Embassy in Cairo, denied that a crisis existed in Egyptian-Israeli relations, saying that "the different viewpoints are something normal."

"Any difference between the two countries can be ascribed to a misunderstanding," an Egyptian Foreign Ministry official said. "Egypt is not seeking a dispute with Israel but is expressing its position on an international treaty that is supposed to be renewed in the near future," he added.

Viewed from all these happenings recently, a Middle East observer said that Israel and Egypt are mutually viewed as very important both in neighborhood and in the peace process. The strain in bilateral ties, therefore, are unlikely to trigger a substantial crisis between the two sides.

On the other hand, the fact that contradictions have taken place and that interests of the two countries do not run parallel determines that there will be a "cold period" in the bilateral relations in the foreseeable future.

A summit between Mubarak and U.S. President Bill Clinton, scheduled for the coming spring, would also deal with the strained ties between Egypt and Israel. It would be highly possible that Clinton will help the two sides mend fences, in view of the U.S. interests in the region and the general trend of reconciliation.

Wang Hanbin Meets With Iranian Justice Minister

OW2501091495 Beijing XINHUA in English 0901
GMT 25 Jan 95

[FBIS Transcribed Text] Beijing, January 25 (XINHUA)—Wang Hanbin, vice-chairman of China's National People's Congress (NPC) Standing Committee, met here today with Iranian Minister of Justice Esmail Shushtari.

Sub-Saharan Africa

Qian Qichen Speaks on Relations With Africa

OW2501013495 Beijing XINHUA in English 2214
GMT 24 Jan 95

[FBIS Transcribed Text] Abuja, January 24 (XINHUA)—"China and African countries share common interests on many political and economic issues, so it is all the more necessary for us to have more political consultation under the new situation and closer friendly cooperation in various fields," visiting Chinese Vice-premier said here on Tuesday [23 January].

Qian, who is also Chinese Foreign Minister, told a press conference here in the afternoon that the cooperation between China and African countries have been further developed.

"The friendship between China and African countries have taken root in the hearts of African people," he said.

Qian arrived in Abuja on Monday on his three-day official goodwill visit to the west African nation at the invitation of the Nigerian government. Nigeria is the last

leg of his five-nation Africa tour, which has taken him to Zaire, Congo, Togo and Benin.

The Chinese Vice-premier said that during his visit, he noted "various parties in these countries are ready to strengthen contacts with China and develop friendship and cooperation with China."

Qian Stresses 'Respect'

OW2501015795 Beijing XINHUA in English 2241
GMT 24 Jan 95

[FBIS Transcribed Text] Abuja, January 24 (XINHUA)—Chinese Vice-premier and Foreign Minister Qian Qichen held talks with Nigerian Minister of State in the Foreign Ministry Anthony Ani on bilateral and international issues of common interest in the Nigerian capital Abuja on Tuesday.

During the talks, Qian said to strengthen the solidarity and cooperation with African countries was an important part of China's foreign policy.

"We respect the political system and development model the African peoples have chosen according to their nation's specific conditions and we never intervene in the internal affairs of the African countries," he said, stating that African problems should be solved by the African peoples.

He stressed that China had supported the Organization of African Unity (OAU) in its efforts to safeguard political stability and promote economic development in Africa, and to actively take part in international affairs.

The Chinese Vice-premier urged the international community to be concerned with Africa and to help Africa with development. It is hard to realize world peace and development without stability and development in Africa, he said.

Qian pointed out that Nigeria was an important nation in Africa and the country had played an active role in the maintenance of African unity, stability and development.

On bilateral relations, Qian said blessed with abundant resources, China and Nigeria both have respective superiority and have great potentiality for development.

Qian also thanked Nigeria for its one-China policy.

Minister Ani expressed welcomed the Chinese Vice-premier to visit Nigeria. He said Qian's visit is important to both Nigeria and Africa, because the visit came at a time when Africa had been neglected in the world.

Ani said that China had many things for Nigeria to learn and hoped that more Chinese companies could invest in Nigerian projects.

Qian on 'Mutually-Beneficial' Ties

OW2501020795 Beijing XINHUA in English 2257
GMT 24 Jan 95

[By Gu Zhenqiu]

[FBIS Transcribed Text] Abuja, January 24 (XINHUA)—“The economic cooperation and trade between China and Africa are mutually-beneficial assistance south-south cooperation, visiting Chinese vice-premier Qian Qichen said here today.

Speaking at a press conference here this afternoon, Qian said, “as a developing country, China, apart from the assistance with no political strings attached, will provide concessional loans as aid in the form of bank credit with government subsidy to expand the scope of aid and achieve better economic returns”.

In light of the economic restructuring in China, the Chinese government will actively encourage and promote the direct cooperation between enterprises of the two sides by running equity or cooperative joint ventures, where enterprises become the major operators, he said.

“Priority will be given to the small and medium-sized projects of production,” he said, adding that “many forms such as contracting will be introduced to further expand areas of cooperation with greater flexibility and diversification”.

Qian arrived in Abuja on Monday [22 January] on his three-day official goodwill visit to the west African nation at the invitation of the Nigerian government, currently, he is on the last leg of his five-nation Africa tour, which has taken him to Zaire, Congo, Togo and Benin.

Qian on African Economic Development

OW2501023295 Beijing XINHUA in English 2301 GMT 24 Jan 95

[FBIS Transcribed Text] Abuja, January 24 (XINHUA)—“The end of the Cold War has not ushered in African stability and prosperity” and “The pursuit of peace, stability and development is becoming the mainstream of development in Africa,” visiting Chinese Vice Premier Qian Qichen said here this afternoon.

Qian told a press conference that on the contrary, many African nations, haunted by chaos and war, are confronting severe difficulties in their economic development.

“The birth of new South Africa signifies the end of the struggle by African people for political liberation,” he said.

Meanwhile, Qian, who is also China's Foreign Minister, said that “the process of African economic integration has been launched, and Africa enters the phase of economic growth”.

To carry out this historical mandate will take longer time than the “decolonization” efforts the African people made in the wake of the Second World War, he said.

On the economic development in Africa, the Chinese vice premier said according to UN statistics, 33 out of the 48 least developed countries are in Africa, and an impoverished Africa will make global affluence out of the question.

Many African nations are facing difficulties in developing economy, but it is totally mistaken to say that the economic and social problems in some African countries are caused by their decolonization efforts, Qian said.

“The burial of the colonial rule is an important event of historical significance for mankind in this century and Africa has made important contribution in this regard,” he said. “Africa has won its independence and liberation after struggling for about half a century. We are confident that with persevered pursuit and hard work, Africa will achieve its own development and prosperity”.

In fact, “the pressing tasks for the developed countries at hand are: to ease the debt burden of African countries, to soften the terms of aid, to increase investment and to set about establishing a fair, reasonable and stable pricing system for primary products,” he said.

“Africa needs help, rather than external interference in its internal affairs,” he said. “The development in Africa is not an issue for Africa itself. It is associated with the development in the world.”

Besides, Qian voiced his concerns that “the intervention of external forces still lingers” in Africa, saying that the sound economic growth in Africa requires a peaceful and stable environment.

Qian arrived in Abuja on Monday [22 January] on his three-day official goodwill visit to the west African nation at the invitation of the Nigerian government. Nigeria is the last leg of his five-nation Africa tour, which has taken him to Zaire, Congo, Togo and Benin.

Qian Qichen Meets Nigerian Military Leader

OW2501050895 Beijing XINHUA in English 0237 GMT 25 Jan 95

[FBIS Transcribed Text] Abuja, January 24 (XINHUA)—Visiting Chinese Vice-Premier Qian Qichen today held talks with Lieutenant-General J.T. Useni, member of the Nigerian Provisional Ruling Council and minister of Federal Capital Territory.

During the meeting, Qian, who arrived here on Monday for a three-day official visit, said that similarities exist between China and Nigeria, according to Chinese diplomats here.

The two countries are facing the same task of developing economy and improving the people's living standard, explained Qian, who is also Chinese foreign minister.

Qian added that he appreciated the efforts made by the Nigerian government and the Nigerian people to uphold national unity, maintain stability and achieve economic advancement.

Useni said that there is a traditional friendship between the peoples of Nigeria and China and that the armed forces of the two countries have enjoyed good cooperation.

The general said he is looking forward to his forthcoming visit to China next month, to which Qian extended warm welcome.

Useni also congratulated the Chinese people on the rapid development China has witnessed over the past years.

The current visit to Nigeria is the last leg of Qian's five-nation Africa tour, which has already taken him to Zaire, Congo, Togo and Benin.

Latin America & Caribbean

Chen Jinhua, Chilean President Meet, Discuss Ties

OW1201113895 Beijing XINHUA Domestic Service in Chinese 0605 GMT 11 Jan 95

[By reporter Wu Huizhong (0702 1920 1813)]

[FBIS Translated Text] Santiago, 10 Jan (XINHUA)—On 10 January, in the Presidential Palace, while meeting with Chen Jinhua, minister in charge of the State Planning Commission, Chilean President Eduardo Frei said Chile would further develop the existing friendly and cooperative relations between the two countries.

Frei said Chile attaches high importance to developing relations with China.

He said that although China is a big country and Chile a small country, both practice an opening up policy. He added that China may treat Chile as a foothold and a gateway for developing relations with Latin American countries.

Frei said prospects for the Chilean-Chinese economic and trade cooperation, copper mining, fishery, and forestry industry in particular, are bright.

During the meeting, Chen Jinhua said he was deeply impressed by Chile's successes in the areas of developing the economy, curbing inflation, and reforming the social security system. He expressed the hope that the cooperative relations in the areas of economics and trade between the two countries would achieve further development.

Chen Jinhua arrived in Chile for an official visit on 6 January after attending the inauguration of new Brazilian President Cardoso.

Cuban Foreign Minister To Visit Asia

OW2001021295 Beijing XINHUA in English 0150 GMT 20 Jan 95

[FBIS Transcribed Text] Havana, January 19 (XINHUA)—Cuban Foreign Minister Roberto Robaina will

visit Asia later this month, Foreign Ministry spokesman Miguel Alfonso announced here today.

The visit, which starts on January 23 and ends on February 12, will take him to a number of Asian countries including Japan, Thailand, Nepal and China, Alfonso said.

This will be the Cuban foreign minister's third visit to the region.

The spokesman explained that Robaina's mission is designed to strengthen Cuba's ties with those countries.

Brazilian Ambassador on Enhancing Ties With Beijing

OW2401101895 Beijing XINHUA in English 0917 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (XINHUA)—The new Government of Brazil attaches importance to its ties with China and hopes for enhanced co-operation between the two countries in every field, according to Brazilian Ambassador to China Joao Augusto de Medicis.

The government of Fernando Henrique Cardoso, who was sworn in as Brazilian president at the start of the year, has emphasized its interest in putting China high on the list of priorities in the country's external relations, de Medicis told XINHUA in a recent exclusive interview.

"It is for mutual benefit and global balance and stabilization" that Brazil and China, two large developing countries, maintain friendship and close co-operation, the ambassador said.

"I am sure President Cardoso will enhance even further the relations between the two countries," he said.

The ambassador revealed that Cardoso has accepted an invitation to visit China and that the embassy will discuss the exact date with Chinese officials here next week.

He described the present Sino-Brazilian ties as "at a very high level" and "very, very good", saying that since Chinese President Jiang Zemin's visit to Brazil in late 1993 there have been frequent high-level exchanges.

Over the past year Qiao Shi, chairman of the Standing Committee of the National People's Congress; Hu Jintao, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee; and Vice-Premier Zhu Rongji have visited the Latin American nation, the ambassador said.

Brazil, he added, sent to China last year its ministers of foreign affairs, the air force, science and technology, and mines and energy. In addition, it opened a consulate-general in Shanghai, he said.

"Countries of large sizes, such as Brazil and China, have much in common, and much complementarity in their economies and also in their backgrounds," de Medicis said, adding that the two nations can extend mutually beneficial co-operation to even more fields.

The year 1994 witnessed the inking of co-operation agreements in the fields of new materials, geology and basic technology, the ambassador said, adding that most important of them all is the smooth progress of the satellite program agreed between the two countries. The jointly-built satellite will be launched by a Chinese Long March rocket in 1996, the ambassador disclosed.

Bilateral trade and economic co-operation have also reaped satisfactory results, he said, adding that trade between the two countries last year rose by 400 million U.S. dollars to 1.4 billion U.S. dollars, which made Brazil the largest trading partner of China in Latin America.

The ambassador predicted big two-way trade rises this year. To increase trade, China and Brazil are studying the possibility of joint ventures in Brazil in the field of mining and prospecting, he said.

De Medicis said that he also saw huge potential for co-operation in the field of hydroelectric power. Brazil, which boasts the largest hydroelectric dam in the world, is experienced in this field, he said, adding that his country is "very keen to share its experience with China, which is engaged in the grand Three Gorges project."

As for the future of Sino-Brazilian ties, de Medicis said, "The prospects will continue to improve and the relations will get closer and closer."

This year will witness the opening of three joint committees on co-operation in trade and economy, science and technology and culture, he said, adding that a seminar on Sino-Brazilian joint ventures will also be convened in China.

All this will provide new opportunities for increasing exchanges and co-operation between the two countries in all fields, de Medicis stressed.

XINHUA Analyzes Mexico's Financial Crisis

OW1701045095 Beijing XINHUA Domestic Service in Chinese 0906 GMT 14 Jan 95

["Roundup" by XINHUA reporter Wen Jiyong (2429 4949 0916): "The Causes and Consequences of Mexico's Financial Crisis"]

[FBIS Translated Text] Beijing, 14 Jan (XINHUA)—A financial crisis rocking the American continent erupted late last year and early this year. Following the substantial devaluation of the Mexican peso and the sharp drop of the stock market during the crisis, stock markets in other Latin American countries also plummeted. What is the background behind this crisis? And what consequences will it generate?

The announcement the Mexican Government made on 19 December last year to devalue the peso by 15 percent unexpectedly drove the financial market into chaos with the sharp drop of the peso's exchange rates. By 10 January, the peso's exchange rate had dropped as much as 40 percent, from 3.47 pesos to one U.S. dollar 20 days ago to 5.9 pesos to one U.S. dollar. Mexico's stock market also plummeted. The index of major stocks dropped 11 percent on 10 January, the sharpest one day fall since the stock market in the West in 1987. Although the stock market picked up somewhat afterward, the aggregate plunge was close to 13 percent. Mexico's financial crisis affected other Latin American countries; stock markets in Brazil, Peru, Argentina, and Chile also registered sharp falls.

Although this financial crisis was ignited by the Mexican Government's announcement to devalue the peso, the inherent causes are the capital outflows triggered by Mexico's political unrest last year, the growth of its current account deficit, and the sharp decrease in its foreign exchange reserves.

Last year, in the wake of the peasants' uprising in Chiapas, Colosio, the ruling party's presidential candidate, and Reyes, general secretary, were assassinated. The political instability undermined investors' confidence. Foreign capital inflow began to decrease and some capital even began to flow out. Since close to half of the foreign capital in Mexico was invested in the highly fluid securities market, the speed of capital outflow accelerated. It is estimated that approximately \$18 billion flowed out of Mexico last year.

After the North America Free Trade Agreement [NAFTA] came into effect, Mexico's foreign trade deficit rose further along with import growth, which rose from some \$11 billion in 1991 to \$28 billion last year. Mexico had long been counting on foreign capital to improve its international receipts and payments. Owing to the outflow of large amounts of foreign capital, Mexico had to use its foreign exchange reserves to make up the foreign trade deficit, further draining its already dwindling foreign exchange reserves. In the last two months, Mexico's foreign exchange reserves dipped from \$17 billion to \$6 billion.

To promote exports and stop capital outflow, the Mexican Government decided to devalue the overvalued peso, but it did not expect that the devaluation would undermine investors' confidence. The panic flight of even more capital after it was converted into foreign currencies led to the free fall of the stock market as well as the peso's exchange rates, igniting a full-blown financial crisis.

The financial crisis will have a profound impact on Mexico's economy. First of all, foreign investors, after suffering enormous losses in the crisis, will have much less confidence in investing in Mexico; they may hesitate until the country has extricated itself from the crisis. Meanwhile, owing to the peso's devaluation, rising

interest rates, fewer credits, insufficient production funds, and rising prices of imported goods, Mexico's economic growth will be slower and the inflation rate will rise.

Mexico's financial crisis not only has discouraged foreign investors from investing in Mexico, but also in all of Latin America. Since the world-shaking "debt crisis"—caused by Mexico's inability to repay its foreign debts as a result of its country's serious financial and banking crisis in 1982—turned the entire eighties into a "lost decade" for Latin America, countries and people concerned are worrying whether Mexico's current financial crisis will cause even more serious consequences.

To alleviate the financial crisis, Mexican President Zedillo put forth two contingency plans, one on 29

December last year and one on 3 January this year. The United States also took the initiative by raising a total of \$18 billion to help stabilize Mexico's financial situation.

It appears that the Mexican Government's emergency measures and the support from the United States and other countries have produced some results. Mexico's stock markets have registered growth for three trading days, and the peso's exchange rate has increased to 5.3 pesos to one U.S. dollar. However, analysts note that while Mexico's financial situation may stabilize for the time being as a result of the joint U.S.-Mexican intervention, it will take time before investors regain their confidence. Thus, it is still hard to predict whether another upheaval will occur.

Political & Social**'Source' Says Deng's Health 'Deteriorating'**

OW2501093295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jan 95 Evening Edition p 3

[FBIS Translated Text] Commenting on reports that the health of China's paramount leader Deng Xiaoping is failing, a government source confirmed on the morning of 23 January that the health of the Chinese leader is deteriorating, saying, "He is in very critical condition."

Official Says Policy Not To Change Post-Deng

OW2501103095 Tokyo KYODO in English 1009 GMT 25 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 25 KYODO—China's relations with Japan and other countries would not change following the death of Deng Xiaoping and the transition to a government under President Jiang Zemin, a high-ranking Chinese official said Wednesday.

"The Chinese leadership has already completed the transition from Deng Xiaoping's second generation leadership to the third generation leadership of Jiang Zemin. The entire party and all the nation's people will continue to make arduous efforts to push forward modernization," he said.

He further emphasized that in its foreign relations "China is firm in its commitment to push forward a peaceful foreign policy."

The Jiang leadership has already decided on and is promoting governmental policy, including foreign policy, he said, and in the post-Deng period, these policies will continue.

The goal of China's foreign policy since the late 1970s has been to push forward economic development and it is from this goal that a peaceful foreign policy of enhancing friendly, cooperative relations emerged.

Reiterating previous statements from China's Foreign Ministry, the official said, "objectively, it must be said the health of Deng Xiaoping is relatively good for a man of his age and generation, but he is older than 90 and that is an age which is difficult to compare with my generation."

Deng Health Reports Spark Jiang, Old Guard Rift

OW2501015895 Tokyo YOMIURI SHIMBUN in Japanese 24 Jan 95 Morning Edition p 7

[By correspondent Akira Arai]

[FBIS Translated Text] Beijing, 23 Jan—Amid reports that the health of China's paramount leader Deng Xiaoping is failing, a growing rift has been observed between General Secretary Jiang Zemin—known as a successor to Deng Xiaoping—and members of the old

guard who are close to Deng. It is believed the rift is part of the backlash by the old guard against Jiang Zemin's moves to form a "Shanghai group" in a bid to consolidate his power base. Depending on its future course, the rift is likely to have a great impact on China's stability in the post-Deng era.

A diplomatic source in Beijing has pointed out there are wide differences between a remark by Deng Rong, Deng Xiaoping's third daughter, on the condition of her father's health, and statements issued by a Chinese Foreign Ministry spokesman.

Deng Rong, in an interview with an American newspaper in mid-January, admitted for the first time that her father's health had deteriorated but the Chinese Foreign Ministry spokesman has consistently denied reports that Deng Xiaoping's health is failing.

The spokesman has shifted from his first statement that "Deng Xiaoping is healthy" to a statement that "he is still healthy for his age of 90" after Deng Rong discussed her father's health in the interview. It is believed that Deng Rong's remarks about her father's health were close to the truth, and the spokesman has played the role of a clown.

In China, Chinese must speak in unison to the outside world but Deng Rong and the Chinese Foreign Ministry spokesman have made totally different statements to the outside world when describing Deng Xiaoping's health, which is the most important thing in China. This is a very unusual situation. The remarks by Deng Rong were too important to be taken as her private comments on a family matter. It is inconceivable that Deng Rong alone decided to make the remarks.

An informed source in Beijing has taken the view that Deng Rong made the remarks at the urging of such old guard members as Wan Li, former chairman of the Standing Committee of the National People's Congress, and Bo Yibo, former Vice Chairman of the Central Advisory Commission, and that she did not clear them with the so-called third generation leaders like Jiang Zemin.

For Jiang Zemin, who intends to consolidate his power base before the post-Deng era dawns in China, it is in his best interest to keep the truth about Deng Xiaoping's faltering health in the dark. His attitude was seen in a statement issued by the spokesman for the Chinese Foreign Ministry retracting his previous statement concerning the Chinese leader's health. It is said the Jiang Zemin leadership was baffled by Deng Rong's remarks because they did not know of her remarks beforehand.

The same informed source believes the friction between Jiang Zemin and the old guard is creating an unusual situation in China. Jiang Zemin, who held the top post in Shanghai, has openly hastened the consolidation of his power base by appointing his close Shanghai confidants as members of the Central Committee and the Political Bureau.

The appointments have provoked a backlash from many quarters and the old guard are said to be discontent with the appointments.

The same informed source believes the old guard have argued that information on the condition of Deng Xiaoping's health should be supplied properly to the outside world to cushion the trauma arising from the death of Deng Xiaoping, while pointing out that the Mao Zedong era is over. Deng Rong has accepted their argument.

Li Lanqing Addresses CPPCC Meeting

OW2501065195 Beijing XINHUA Domestic Service in Chinese 0716 GMT 11 Jan 95

[By reporters Zhu Dongju (2612 0392 5468) and Sun Yong (1327 0516)]

[FBIS Translated Text] Beijing, 11 Jan (XINHUA)—The standing committee of the Eighth Chinese People's Political Consultative Conference [CPPCC] national committee began its ninth meeting in Beijing today.

Li Ruihuan, member of the standing committee of the CPC Central Committee Political Bureau and chairman of the CPPCC national committee, chaired today's meeting. He said: The meeting's principal objectives are to discuss educational issues, aiming to urge leaders at various levels and various relevant departments and social circles to pay closer attention to and support the development of education so as to facilitate the implementation of the outline on educational reform and development.

It has been learned that the meeting will also deliberate and adopt the "CPPCC National Committee's Regulations Governing Political Consultations, Democratic Supervision, and Participating in and Discussing Government and Political Affairs;" and deliberate reports on respective CPPCC national committee members inspecting some provinces and cities and on CPPCC national committee delegations visiting several countries.

At the meeting, Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, delivered a report on China's educational work. His report consisted of three parts: on the implementation of the "Outline on China's Educational Reform and Development" and the guidelines of the National Educational Work Meeting; on the objectives of developing China's education and related major reform measures; and on some popular topics in China's current educational tasks.

Li Lanqing said: The promulgation and implementation of the "Outline on China's Educational Reform and Development" and the convening of the National Educational Work Meeting have been important measures which aim to implement Comrade Deng Xiaoping's thought on education, to mobilize the whole party and

society to materialize the strategy of giving priority to upgrading education, and to accelerate socialist modernization drive. The whole party and society have been transforming the guidelines of the National Educational Work Meeting into concrete deeds. China has entered a new phase for reforming and developing its educational programs. He said: Despite relatively difficult financial positions in recent years, governments at various levels managed to raise educational funds to some extent year after year. In 1993, 86.8 billion yuan out of China's total educational expenditures worth 106 billion yuan was the government's fiscal expenditure on education.

After affirming China has made crucial progress in reforming and developing its educational programs, Li Lanqing said: We must soberly notice that our current educational tasks are still facing many problems and difficulties. The development in our educational undertakings still cannot fulfill the requirements of China's modernization drive. Our educational reform still lags behind the prerequisites for building socialism with Chinese characteristics and for establishing a socialist market economy. The increase in educational funds has been too inadequate to develop educational undertakings. Inadequate funds still are an important factor restraining China's educational development and reform. Problems in teachers' salaries and housing conditions have been very acute. A small number of localities cannot, once again, pay teachers' salaries. We need to take measures to expeditiously resolve all these problems.

Li Lanqing also analyzed popular topics in China's current educational tasks, and later suggested proposals to resolve them. The popular issues included indiscriminate charges levied by primary and secondary schools, ways to lighten the excessive work load of primary and secondary school students, and "elite schools." He stressed: We should resolutely stop the following situations in some schools and educational agencies: They indiscriminately levy and collect fees on others' behalf under numerous pretexts; charge abnormally high fees; wantonly impose and apportion expenses on society; and gather enormous "sponsors' funds." We should also earnestly reverse the trend whereby schools place undue emphasis on raising the percentage of students entering other schools of a higher grade. Furthermore, we should reform educational curricula and teaching methods; further readjust curricula and schedules of class hours in primary and secondary schools; gear teaching materials to cater to most of the students; and pursue the principle whereby we "teach students in accordance with their aptitude" and use "concise curricula." We should help the very few so-called "elite schools" that have emerged in society to expeditiously change their school objectives. Otherwise, we shall ban them.

Li Lanqing said: Over the past years, the CPPCC national committee has made many important suggestions and proposals for China's educational reform and development and rendered very remarkable support and

assistance to educational work. He hoped that the CPPCC national committee will continually show solicitude for, and render support and assistance to, educational work.

Attending the meeting were vice chairmen of the CPPCC national committee, Ye Xuanping, Wu Xueqian, Yang Rudai, Wang Zhaoguo, Hong Xuezhai, Deng Zhaoxiang, Qian Weichang, Hu Sheng, Qian Zhengying, Ding Guangxun, Sun Fuling, Ma Man-kei, and Zhu Guangya; and Zhu Xun secretary general of the CPPCC national committee.

Ren Jianxin on Law, Order Objectives for 1995

HK2401134895 Beijing BAN YUE TAN in Chinese No 1, 10 Jan 95 pp 36-37

[Interview with Ren Jianxin, secretary of the Central Commission of Political Science and Law, by staff correspondent Zhang Han (1728 1383); place and date not given: "Maintain Law and Order and Work for the General Situation"]

[FBIS Translated Text] The year 1995 is the last for the "Eighth Five-Year Plan" and also a crucial one for deepening reforms and building a socialist market economic system. However, elements destabilizing domestic economic, political, and social life still remain. In the new year, the mission of regulating various economic and social relations by means of law remains extremely arduous and will make higher demands on all levels of political science and law departments. Our correspondent interviewed Comrade Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the Central Commission of Political Science and Law.

[Zhang] A new year has begun. Can you tell us the main missions for our country's political science and law front line this year?

[Ren] In 1995, the main missions for our country's political science and law front line are, under the guidance of Comrade Deng Xiaoping's theory of socialism with Chinese characteristics and the party's basic line, to conscientiously implement the spirit of the 14th party congress, the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and the central economic work conference; to further strengthen and reform political science and law work, with one hand maintaining law and order and stability and the other pursuing the building of the political science and law force; to give full play to the functions of all political science and law departments; to further mobilize the forces of society; to severely punish felonies and serious economic crimes; to implement the measures of the comprehensive law and order remedy program; and to better serve the whole party and the country.

[Zhang] Are there any new plans in maintaining law and order and social stability?

[Ren] The "stern crackdown" that was continuously deepened last year has to a certain extent prevented serious criminal cases from rising significantly. But the current law and order situation remains grim. To implement the various measures under the comprehensive law and order remedy program and really change the situation in which social law and order is poor in some localities, in 1995 we will vigorously strengthen the "stern crackdown" struggle and deal harder blows at elements engaged in serious crimes. Nationally, the "stern crackdown" will focus on crimes which are really harmful and have a great negative impact, criminal gangs and organized crime rings, wanted felons on the run, highway robbers, abductors of women and children, and so on. Moreover, we will crack down on various social maladies with repeated bans and investigations. We will not sacrifice spiritual civilization for the sake of "attaining prosperity." In the new year, party and government leaders of all ranks will be held responsible for reaching targets in enforcing the comprehensive social law and order remedy program. It will be an important part of their administrative performance appraisals.

A firm clampdown on economic crimes is an important part of the anticorruption effort and a key measure for maintaining order in the socialist market economy. In the new year, the first thing to do is to continue to focus on serious and notorious cases in leading party and government organs, administrative, law-enforcement, and judicial departments, and economic management offices. Efforts must be sustained to get to the bottom of cases. Above all, the anticorruption efforts will concentrate on abuse of power, perversion of justice, and graft and jobbery among judicial and law-enforcement cadres. Second, we must make greater efforts to crack down severely on various economic crimes which jeopardize reform and undermine order in the market economy. Currently we are focusing on: 1) Tax theft and fraud, including through export tax rebates and forging of value-added tax bills; 2) fraud, especially in financial and banking transactions; 3) smuggling; and 4) the manufacture and sale of fake and inferior commodities.

[Zhang] What are the new measures this year for party building and strengthening personnel on the political science and law front line?

[Ren] This year, we will, according to the requirements of the Fourth Plenary Session of the 14th CPC Central Committee and the national organization work conference, vigorously pursue party building and strengthen personnel on the political science and law front line. The party style of the ruling party determines the life and death of the party. Corruption in law-enforcement organs is especially harmful to the state. Therefore, overhauling party style should be the focus for this year's party building and strengthening of personnel on the political science and law front line. The overhaul must be comprehensive and combined with special attacks on selected points. Apart from continuing to investigate and tackle extraordinary and serious cases, efforts should be

concentrated on curbing a few prevalent unhealthy practices which have been the targets of strong complaints by the masses. Concerning this, I repeat the follow prohibitions: Cadres and policemen are absolutely prohibited from such illegal and discipline-breaking acts as accepting banquet or dinner invitations, money, or gifts from people involved in cases; from beating or insulting people; and from applying torture to obtain confessions. Those breaking the prohibitions are, without exception, subject to party and government discipline or criminal proceedings, depending on the circumstances of the case. Discipline and inspection departments under the political science and law organs must seriously investigate and deal with each discipline-breaking case by cadres and policemen; they must not try to protect them or let them go with just a warning. It is hoped that the people and social sectors can keep a close watch.

This year we will also perfect and reform the organizational and personnel systems to boost grass-roots strength. In line with civil service regulations, we will conduct strict examinations for cadres and policemen and remove those who fail from their current positions. We will also put cadres through education and training; those who still fail their examinations after education and training and who are unfit for political science and law work will be dismissed or transferred out of political science and law work departments according to civil service and related regulations. Recruitment will be carried out through unified examinations and based on merit. The recruitment process will be subject to rigorous vetting to ensure the quality of recruits, stem unhealthy practices, and help political science and law work "seize opportunities, deepen reforms, expand opening, promote development, maintain stability," and serve better the whole party and country.

Ren Jianxin Inspects Hainan

HK2501092695 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 16 Jan 95

[FBIS Translated Text] Ren Jianxin, member of the CPC Central Committee Secretariat, secretary of the Central Commission of Political Science and Law, and president of the Supreme People's Court, inspected Hainan from 4 to 16 January, during which he chaired a national meeting of higher court presidents and listened to a work report by provincial CPC Secretary and Governor Ruan Chongwu on behalf of the provincial party committee and government and to work reports by provincial judicial departments. Accompanied by Wang Xueping, member of the provincial party committee's standing committee, vice governor of the province, and secretary of the provincial commission of political science and law, and Tian Zhongmu, president of the provincial higher people's court, Ren Jianxin went to Haikou, Wanning, and Sanya for investigation; visited grass-roots courts, public security offices, and armed police detachments; and toured the Xinlong Tropical Botanical Garden and Research Institute, where he encouraged

research personnel to display the spirit of arduous struggle and make new contributions to the special economic zone's construction.

After inspection, Comrade Ren Jianxin pointed out: Over the last two years, Hainan has made great achievements in deepening reform, widening the scope of opening up, developing its economy and tourism, and preserving social stability. It has also paid close attention to spiritual civilization and done a great deal in combating pornography, gambling, and drugs. He stressed: Persistent efforts must be made to combat pornography, gambling, and drugs. Prostitution and obscenity are crimes apt to recur. With a severe crackdown, they will weaken; if we slacken our vigilance, they will spread. So crackdowns must be repeatedly applied and relapses must be curbed. These phenomena are absolutely impermissible in socialist China.

Ren Jianxing asked judicial departments in Hainan to strengthen the impetus on crackdowns under the leadership of all-level party committees, to implement all measures on comprehensive management of social order, and to create a fine and stable environment for investment and tourism in Hainan.

During his inspection, Ren Jianxin repeatedly stressed the need to strengthen party building in judicial departments. He pointed out: As China's largest special economic zone, Hainan can move ahead of others in court reform. Hainan can carry out experimental reforms in court establishment, trial methods, and personnel management so as to gain experience for China's court reform.

Hu Jintao Addresses New Year Party for Veterans

HK2501103495 Beijing XINHUA Domestic Service in
Chinese 0652 GMT 24 Jan 95

[By staff reporter Zhang Sutang (1728 1372 1016) and RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976): "New Year Tea Party for Veteran Comrades Held in Beijing"]

[FBIS Translated Text] Beijing, 24 Jan (XINHUA)—This morning, the banquet hall of the Great Hall of the People had a very festive atmosphere with the sound of musical instruments, songs, and laughter ringing in the air. More than 2,000 veteran comrades living in Beijing got together joyously to greet the arrival of the Spring Festival. On behalf of the party Central Committee and the State Council, Hu Jintao, CPC Central Committee Political Bureau Standing Committee member and secretary of the Secretariat, extended warm greetings and heartfelt respects to the veterans attending this tea party and to the retired cadres and veteran comrades on various fronts throughout the country.

In his speech, Hu Jintao briefly reviewed the achievements made in reform, opening up, and socialist modernization during the past year. He then pointed out that

the central authorities have made definite deployment for the tasks this year. Since the major policies have been established, the important thing is to put them into practice in a resolute and conscientious manner. In line with the central requirements, all the party comrades should seek unity of thinking, assume responsibility for the overall situation, strengthen coordination, and do solid work [tong yi si xiang, zong lan quan ju, jia qiang xie tiao, zha shi gong zuo 4827 0001 1835 1927, 4920 2385 0356 1444, 0502 1730 0588 6148, 2089 1395 1562 0155], to fulfill their duties and perform their work more effectively on various posts. He further pointed out that the key to accomplishing various tasks properly in reform, development, and stability lies in seriously putting into effect the guidelines by the Fourth Plenum of the 14th CPC Central Committee, taking firm control of the party building, vigorously pushing forward new, great projects, enhancing unity of the entire party, and heightening the party's leading and ruling level.

Hu Jintao said: Veteran comrades are the valuable wealth of the party and country. During various historical periods, veteran comrades have performed immortal historic feats for the revolution and construction and created brilliant achievements that will shine through the ages. The party's fine traditions and the Communists' lofty character are embodied in a concentrated way in the veteran comrades, who are sincerely loved and respected by the party and the people. The vast number of middle-aged and young cadres must learn from them modestly and inherit from them the spirit of the older generation in their heroic revolutionary struggle. Over the past few years, the veteran comrades have constantly shown concern about, and given support to, reform, opening up, the modernization drive, party building, and the healthy growth of middle-aged and young cadres. Under the new situation, our veteran comrades will, without doubt, continue to make new contributions in these areas.

Hu Jintao added emphatically: Party committees and governments at all levels must intensify leadership in their work for veteran comrades and conscientiously study and resolve the new conditions and problems that they encounter in the work. They must pay respect for them politically, show concern about them in thinking, and give consideration to them in life. When relevant reform measures are introduced, specific and coordinated measures should be adopted for the treatment of veteran cadres and efforts should be made to do practical things in their interests.

Leading cadres attending today's tea party included Zou Jiahua, Chen Xitong, Wen Jiabao, Zhang Zhen, Chen Muhua, Fei Xiaotong, Lei Jieqiong, Cheng Siyuan, Lu Jiayi, Bu He, Li Peiyao, Wang Zhaoguo, Ngapoi Ngawang Jigme, Hong Xuezhai, and so on. Also present at the tea party were veteran cadres from the central authorities, government organs, and Army who are in Beijing; representatives of veteran workers, peasants, soldiers, and intellectuals; family members of deceased

veteran comrades; comrades in charge of various departments of the party, government, and Army; persons responsible for various democratic parties; and personalities without party affiliation.

The tea party was jointly held by the CPC Central Committee Organization Department, the People's Liberation Army General Political Department, and the Beijing Municipal CPC Committee. Zhang Quanjin, head of the Central Organization Department, presided over the reception, during which artists in the capital gave performances to the participants.

Source Says Wan Li Contracts Parkinson's Disease

OW2501102295 Tokyo YOMIURI SHIMBUN in Japanese 25 Jan 95 Morning Edition p 5

[By correspondent Satoshi Saeki]

[FBIS Translated Text] Hong Kong, 24 Jan—According to a Chinese source in Hong Kong, Wan Li, (78), who is an old guard close to China's paramount leader Deng Xiaoping and former chairman of the Standing Committee of the National People's Congress, is now resting at home in Zhongnanhai after having contracted Parkinson's disease. As a leader of the old guards in the CPC, he is expected to hold the key to balancing power in the post-Deng era, and a decline in his leadership is likely to affect stability of China's political situation.

According to the same Chinese source, Wan Li has not appeared at the Beijing International Tennis Center since last fall. In the past, he played tennis there twice a week. He is known as a man who leads a regular life and serves as honorary president of the China Tennis Association. He is famous for playing bridge with Deng Xiaoping. He has bolstered his say as Deng's health has deteriorated.

Xie Fei on Leaders' Role in Party Building

HK2501081195 Beijing QIUSHI in Chinese No 24, 16 Dec 94 pp 9-10

[Article by Xie Fei: "Key To Grasping Implementation Lies With Number-One Leaders"]

[FBIS Translated Text] Number-one leaders are the key to the successful implementation of the "Resolution of the CPC Central Committee Concerning Several Major Issues on Party Building," which was adopted by the Fourth Plenary Session of the 14th CPC Central Committee. Therefore, they should play a principal leading role in making the implementation of the party's "Resolution" a success.

1. Number-one leaders must hold primary responsibility for the building of the party. To consolidate party building, what counts is reinforcing the building of leading bodies. We should strive to accomplish the following: A leading body should be good at learning new

things and should never become complacent; should have the courage to emancipate its mind and blaze new trails; should have the whole situation in mind and be willing to make sacrifices; should guard against corrosive influences and always remain honest and clean in performing official duties; should pioneer the country's great cause with a down-to-earth manner and strive to bring benefits to the people; should unite as one in its work and give shape to a powerful unifying force; should have the courage, as well as the ability, to impose strict controls and attach equal importance to both; and should work with flexibility under a rational structure. To this end, principal leaders of party organizations at all levels should assume responsibility for the building of leading bodies at the same level, while leading bodies at higher levels should be responsible for the building of those at the lower levels. We should institute a system of regular inspections and assessments and see to it that a responsibility system is set up in leading bodies at different levels, including the grass-roots level. Number-one party and government leaders should assume common responsibility, work in close coordination and should act in concert on the issue of party building. Other members of leading bodies should also assume responsibility for and concern themselves with the issue, each discharging his responsibility and doing his bit. Assigned personal responsibility for the work of different departments, leaders in charge should also hold themselves responsible for the party building of these departments, and strive to carry through the spirit of the "Resolution" to all facets of their work. In other words, these leaders should take personal charge of not only the professional work of these departments, but party building in their leading bodies as well. To make a success of work in their departments, leaders must first pay attention to the performance of people, that is, to education, training, and the utilization of able personnel.

2. Number-one leaders should play an exemplary role in implementing democratic centralism. Democratic centralism is a fundamental organizational and leading system of our party, which has an important bearing on whether or not we can correctly handle relations between leaders and the masses, between the higher authorities and the lower levels, between individuals and party organizations, and between freedom and discipline. Our correct handling of these relations can help augment the unity of the party, enhance the combat readiness of the party, and successfully implement the party's basic line. Democratic centralism also has a bearing on the party's work line, namely, the work line of "from the masses to the masses." The process from democracy to centralism is, in fact, a process of going deep into the realities of life, acquainting ourselves with public feelings, heeding to the opinions of the masses, and finally coming to correct policy decisions. Inside a leading body, democratic centralism is the embodiment of the mass line of a higher level; therefore, it can bring into full play the enthusiasm and initiative of every member of the leading body, draw on collective wisdom and absorb all useful ideas, draw

up correct policy decisions, and give shape to a powerful core of leadership. A successful handling of the relationship between democracy and centralism can effectively redress incorrect tendencies, such as not cooperating once duties are shared out, scrambling for power and profits, each doing what he thinks is right and each going his own way, discussing things without reaching a conclusion, and making no effort to execute decisions already worked out, thus enabling the members of leading bodies to divide up their work, cooperate with one another at the same time, air their views to the full, and finally reach a consensus among themselves. This is a fundamental guarantee for gaining the internal unity of the leading body. With democratic centralism, the party can maintain the normal practice of democratic life and establish an internal self-supervision mechanism for all leading bodies. This is precisely the reason why number-one leaders should take the lead in implementing the "Resolution" of the CPC Central Committee, practice collective leadership, "let everyone have his say," and strive to enhance the unifying force and combat readiness of leading bodies.

3. Number-one leaders should play an exemplary role in exercising self-discipline. Only when they take the lead in exercising self-discipline can number-one leaders secure the complete command and win the support of other members of the leading bodies under their charge, otherwise, they will be unable to straighten their backs and their words will carry little conviction. If they develop a dishonest work style and engage in corrupt practices, number-one leaders will set a bad example for the leading bodies under their charge and can even ruin the general mood of an entire unit or locality. Number-one leaders should approach this issue from the high plane of the general interests of the whole and from the interests of the party's cause, for this is not merely an issue concerning the moral integrity and work style of a single individual, but one which can exert a great impact on the whole. In consideration of this, we must be all the more strict with ourselves, for only when we set strict demands on ourselves can we convincingly be strict with others. In spotting problems among members of leading bodies, number-one leaders should take up the matter promptly and personally; besides, they should watch out for symptoms of unhealthy tendencies, bring new problems to the attention of other members of leading bodies and seek prompt solutions, and never evade contradictions or let them develop unchecked into big mistakes.

4. Number-one leaders should take the solution of practical problems as their point of departure and should have their eyes on long-term strategic goals. When drawing up measures for the implementation of the "Resolution," number-one leaders should have in mind the practical conditions of their localities and units and, at the same time, have their eyes on things in the future. To do this, number-one leaders of leading bodies at all levels should by no means give consideration only to work during their tenure, still less should they take a perfunctory attitude or leave problems unsolved for their successors. Instead,

they should display consciousness, initiative, creativity, and perseverance in their work and should always be alert for new problems. Since it is impossible for any leading cadre to remain in a principal leading post for long, those who really wish to make some accomplishments all have the feeling that the time is too limited and life is too short for them to reach their goals. Therefore, for principal leading cadres who wish to do something worthwhile, they should first have lofty ideals, high aspirations, and work with devotion and a sense of responsibility; second, they should race against time to bring benefits to the people, refrain from being sluggish in their work, and not allow time to slip idly by; and third, they should have their eyes on the future, strive to solve key issues, and lay a solid foundation for their successors. The so-called "bringing benefits to the people of one area during a single tenure of office" means that when they are relieved of their office, leaders should leave for their successors not only several construction projects but also a number of outstanding young and promising cadres, a good leading body, and a sound general mood. To this end, number-one leaders must attach great importance to nurturing a sound working spirit in the leading bodies currently under their charge and also to the training and promotion of their successors. In this way, they can ensure that the fine traditions of our party can be passed on from generation to generation and that our country's modernization drive can grow and flourish.

Song Ping Month-Long Guangdong Tour Reported

OW2501061795 Beijing XINHUA Domestic Service in Chinese 1243 GMT 24 Jan 95

[By correspondent Song Yue (1345 1471)]

[FBIS Translated Text] Guangzhou, 24 Jan (XINHUA)—Comrade Song Ping inspected Guangzhou, Shaoguan, Qingyuan, Zhaoqing, Zhongshan, Zhuhai, and Foshan in Guangdong Province from 20 December last year to 24 January.

Accompanied by Guangdong provincial leaders, Comrade Song Ping visited industrial plants, rural areas, schools and neighborhoods and chat with the cadres and the masses there. He also called on teachers and peasants in their houses and familiarized himself with their living and housing conditions. He was greatly pleased to see the rapid development and remarkable achievements in various localities. He encouraged the cadres and the people to do a solid work with one heart and one mind under the correct leadership of the Party Central Committee, the State Council and the party committees and governments at various levels, and to make still greater achievements. As the 1995 Spring Festival is drawing near, Comrade Song Ping extended his New Year greetings to local cadres and people.

RENMIN RIBAO Editorial on Anticorruption Drive

OW2401141595 Beijing XINHUA Domestic Service in Chinese 1127 GMT 24 Jan 95

[FBIS Translated Text] Beijing, 24 Jan (XINHUA)—The 25 January RENMIN RIBAO editorial: "We Must Concentrate Efforts on Deepening the Anticorruption Drive."

The Fifth Plenary Session of the Discipline Inspection Commission of the CPC Central Committee came to a triumphant conclusion. The session, on the basis of reviewing and summing up the anticorruption drive in 1994 and of drawing a scientific analysis of the current situation in fighting corruption and in accordance with the spirit of the party Central Committee's instructions, worked out a comprehensive plan for this year's anticorruption drive.

The general requirements for this year's anticorruption drive are: To follow the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; comprehensively implement the guidelines of the 14th CPC National Congress, the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and the central economic work conference; uphold the guiding ideology, basic principles, and overall framework of the three tasks laid down by the CPC Central Committee regarding the anticorruption drive as well as the new demands made by the Central Committee in continuing to implement the various tasks planned since the Second Plenary Session of the Central Discipline Inspection Commission; concentrate efforts on doing a thoroughgoing job; and establish and improve inner-party mechanisms of supervision and self-restraint; so as to achieve new results in the anticorruption drive; to create a favorable social and political environment for party-building and economic development; and to serve the goal of safeguarding the overall interests of the whole party and the whole country, that is, "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" of the whole party and the whole country.

In continuing the anticorruption drive, it is of crucial importance to concentrate efforts on deepening the drive. Should we stand still on the existing foundation and level of work, it will be impossible for us to achieve new results in fighting corruption and be difficult for us to consolidate the achievements already made. We must recognize the excellent situation and opportunities in party-building and reform and development, as well as new and higher demands in fighting corruption this year. Only by concentrating efforts on fighting corruption will the anticorruption drive be able to make new headway to better and more efficiently serve party-building and economic construction.

In concentrating efforts on fighting corruption, leading cadres at all levels must, first and foremost, enhance

their understanding of the importance and urgency of the anticorruption drive. They must truly understand that the anticorruption drive is a cardinal issue concerning the survival or extinction of the party and the success or failure of reform, opening up, and the modernization drive; and must consciously foster a firm concept of "giving equal emphasis on two fronts and doing well in both." Comrade Jiang Zemin has incisively pointed out: "If we fail to improve the economy, we will collapse [kua tai 1006 0669]; even if the economy is improved but corruption, embezzlement, and bribery are allowed to spread unchecked and we are seriously divorced from the masses, we will also collapse." Judging from the startling facts already brought to light, should we fail to persist in fighting the tough battle against corruption, there indeed exists the danger of letting the party and the country perish. Leading cadres at all levels must be thoroughly aware of this.

In concentrating efforts on the anticorruption drive, it is necessary to implement to the letter the party Central Committee's requirements and the Central Discipline Inspection Commission's plans. In fighting corruption, we should not mechanically copy and transmit instructions from higher authorities, nor simply issue documents and make reports. We should proceed from reality and, after thorough investigation and research and in accordance with the central authorities' unified arrangements, set clear-cut standards and adopt concrete measures for each and every task. Party and government leaders at all levels should consciously keep abreast of the objective demands of the anticorruption drive, do thorough and meticulous work, realistically deal with concrete matters relating to work, and resolutely guard against and overcome providing vague and general directions. Principal party and government cadres should go deep into the realities to obtain first-hand information and analyze contradictions; should conduct in-depth study of difficult points relating to work and adopt effective measures to resolve difficulties; and should thoroughly study the demarcation line in policy and solve problems in a realistic manner.

In concentrating our efforts on deepening the anticorruption drive, we should pay attention to seeking both permanent and temporary solutions, and to strengthening institution-building. In light of specific problems, we should institute and improve supervisory and control mechanisms by summing up the new experiences that we have gained in recent years, and by taking account of current practical needs. In localities and departments with a high incidence of corruption cases or those where major cases occur, we should analyze some typical cases to study the means with which discipline and laws are violated; identify weak links in operational management, supervisory mechanisms, leadership style, and ideological and political work; propose and draw up relevant preventive and supervisory measures; and control and reduce the incidence of major and important cases. We should establish relevant and easy-to-operate

control mechanisms in connection with the requirements for honesty and self-discipline among leading cadres, and the rectification of unhealthy practices. Meanwhile, party committees at all levels should strengthen education among party members and cadres, and combine education on the theory of building socialism with Chinese characteristics and the party constitution with education on the legal system, the party's work style, and clean government. Leaders at all levels should take the initiative in performing their duties honestly and diligently; act exemplarily; guide party members and cadres toward fostering an even firmer revolutionary outlook on life; adhere to the goal of serving the people wholeheartedly; carry forward the party's fine tradition and work-style; wage hard struggles; oppose money worship, hedonism, and ultra-egoism; and guard against the corrosion of decadent ideological and cultural influences.

In concentrating our efforts on deepening the anticorruption drive, we should have strong faith in the masses and rely on them. In carrying out the anticorruption drive, we should give full play to the functions and roles of special organs. Moreover, we must fully inspire and preserve people's initiative so that supervision by the masses will be more effectively combined with the crack-down on corruption by special organs in accordance with the law. To a certain extent, self-examination and self-correction by leading cadres at regular democratic meetings should be made known to the public through the issuance of circulars to facilitate supervision by the masses. We should encourage people to report breaches of discipline and the law, support them in this regard, protect people who report such breaches, and commend and reward people who have performed meritorious services in reporting such breaches. We should release as much information as possible on matters that affect people's vital interests so that the public can exercise supervision. We should organize, in a planned manner, people's congress deputies, Chinese People's Political Consultative Conference committee members, and people in all walks of life to evaluate the practices of some government departments and businesses. We should give full play to the roles of special supervisors and inspectors. We should vigorously strengthen education on vocational ethics, increase the awareness of vocational ethics among workers and staff members, and heighten the sense of responsibility for supervising and resisting unhealthy practices.

The burden is heavy and the road is long in the anticorruption drive. We believe that under the strong leadership of the party Central Committee with Comrade Jiang Zemin as the core, we can deepen this year's various anticorruption tasks in a step-by-step manner on the basis of last year's achievements, thereby creating a social and political environment that is more conducive to reform, development, and stability.

Column on Recent Anticorruption Meeting*HK2501090495 Hong Kong HSIN PAO in Chinese 25 Jan 95 p 10*

["Chinese Politics and Economics" column article by Hua Hsia (5478 1115): "'Go-Slow Faction' Seems To Be Resurgent"]

[FBIS Translated Text] A communique was published yesterday after the conclusion of the Fifth Plenary Meeting of the CPC's Central Discipline Inspection Commission [CDIC], which was held in Beijing from 20 to 23 January. The communique states that "there is still a wide gap between the results of the anticorruption work and the demands of the party and people" and that the tasks for this year's anticorruption struggle will be focused on cadres at and above county section head level.

The communique also sets concrete demands on cadres at and above county section head level, as well as leading cadres of state-owned enterprises, for clean administration and self discipline. These demands contain stipulations prohibiting cadres from building houses for private use in violation of regulations, using military police and foreigner's car plates against the rules and regulations, paying entertainment charges at nightclubs from public funds, accepting introduction fees or gifts of money, and so on. These are constructive to social supervision over cadres' behavior.

Regarding the current CDIC meeting, there are two other aspects meriting people's attention:

First, Qiao Shi, Politburo Standing Committee member and chairman of the National People's Congress Standing Committee, was absent from the commemorative activities to mark the 60th anniversary of the Zunyi Meeting held by the CPC on 16 January. Again, he did not show his face at this CDIC meeting. Previously, Qiao was in charge of the CPC law-enforcement system covering public security organs, procuratorial organs, and people's courts, and was once secretary of the CDIC. Therefore, his absence at this meeting is particularly unusual.

The cause of his absence is still unknown. If he was absent due to "political illness," then the political contest in the CPC power core in the post-Deng era has become more clear. Obviously, two cores cannot coexist in the third generation of the CPC leadership. Should a power struggle be waged between Jiang Zemin and Qiao Shi, there will probably be a negative impact on China's economy in the near term, no matter whether Jiang falls and Qiao rises or vice versa.

Second, Jiang Zemin called on party members to pay special attention to properly handling the following relations: "The relations between the reforms and the inheritance of fine traditions; the relations between absorption and resistance in opening to the outside world; and the relations between earlier prosperity and

common prosperity." Jiang Zemin's remarks seem to indicate signs of a "resurgence" of the "go-slow faction" in reforms. This is because the long-forgotten vocabularies, which appeared in the CPC publications in the past, such as developing fine traditions, resisting bourgeois liberalization, and marching along the road of common prosperity have been used by the "go-slow faction" as important grounds of argument to resist reforms carried out by the "radical faction" headed by Deng Xiaoping.

The resurgence of the "go-slow faction" forebodes the weakening influence of the Deng faction. In the meantime, China may make appropriate readjustments to its political and economic reform policies. Our attention should be called to the impact brought by this political situation in China.

Chinese Demographer Views Population Control*HK2501103795 Beijing RENMIN RIBAO in Chinese 19 Jan 95 p 5*

[Interview with Jiang Zhenghua, vice minister of the State Family Planning Commission, by staff reporter Ai Xiao (5337 4562); place and date not given: "Population Control, the Common Interest of Mankind—Interviewing Jiang Zhenghua, Vice Minister of State Family Planning Commission"]

[FBIS Translated Text] Jiang Zhenghua, 57, is a professor of technical demography and tutor to doctoral students. His works and research results are very fruitful. Twice he has had conferred on him the State Scientific and Technological Progress Award, First-Class. He is currently a member of the Chinese People's Political Consultative Conference, vice chairman of the Central Committee of the Chinese Peasants' and Workers' Democratic Party, and vice minister of the State Family Planning Commission. He is one of the world's noted demographers, and is a member of the Scientific Alliance Council for International Population. On one occasion, he won the 21st Century Outstanding Contribution Award.

[Ai Xiao] Owing to its enormous achievements in population control, China's population growth rate in recent years has been lowered considerably, and basically has reached an offset level meaning that on average, one married couple has two children. Can we say that China's current population pressure has lightened?

[Jiang Zhenghua] In the course of approximately 4,000 years, beginning from the Xia Dynasty [2276-2177 BC], China's population grew from 13.55 million to 100 million. It took only 80 years, however, for its population to grow from 100 million to 200 million. Between 1949 and 1969, China acquired an additional population of 260 million, it was like adding the population of "America" in 20 years. It took China nearly 10 years for its population to grow from 600 million in October 1954 to 700 million in August 1964, but it only took another four years and nine months for the population to grow

from 800 million to 900 million, and another six years and five months for it to grow from 1 billion to 1.1 billion. Despite our conscientious population-control efforts since the 1970's which have caused the birth rate gradually to decrease from the peak of 46 per thousand in the 1960's, China's current population growth rate is still much larger than in the 1950's and '60's. The reason is that China's population base is too large, and the proportion of child-bearing women is peaking. Therefore, we must under no circumstances take this lightly.

[Ai] The data are surely dazzling. The goal of China's economic restructuring is to establish a socialist market economy system. The market economy seeks immediate interests, while state macroeconomic regulation and control focuses on long-term interests. Could you speak about the relationship between them?

[Jiang] China's territory and arable land both account for 7 percent of the world's total. Its population density, however, is three times as great as the world average. In terms of resources, China's annual per-capita consumption of standard coal is 0.7 tonnes, while that of the United States is 9.4 tonnes and that of Japan, which is extremely short of resources, is 3.5 tonnes. China has a total of 280 million cubic meters of freshwater resources, ranking sixth in the world, yet its per-capita volume is only one-fourth of the world average, which puts it in 88th place. Moreover, water resources are very distributed irrationally. Agriculture is an important pillar for the sustained development of a country. The demand for farm products derives from the development of the economy, the improvement of people's living standards, and the population growth. For example, since the economy was invigorated, the annual per-capita pork consumption of China's urban and rural residents has increased nearly two times (17 kg of plant protein is convertible to one kg of animal protein), and edible sugars have increased nearly 100 percent. Although China's current per-mu yield of paddy and wheat is the highest in the world, half of the additional grain and meats increased each year is, as is always the case, consumed by the newly increased population, making China's current per-capita meat consumption only one-tenth of that in developed countries, and its per-capita grain consumption is roughly the same as it was 2,000 years ago. It is predicted that, calculated at the general level of consumption, China's resources can support a population of approximately 1.5 to 1.6 billion. Judging by the sustained and steady development of the economy, the ideal population should be between 700 million and 1 billion, and if the population were to exceed 2 billion, it would have a destructive effect on economic development.

Only when everyone across the country understands this, and when the economy develops in a coordinated way under the macroscopic environment, can we very well integrate immediate and long-term interests, and do much better in population control.

[Ai] China has the largest population in the world, and any change in its population naturally will affect the whole world. Comrade Deng Xiaoping once said: "China's population policy is an important strategic policy." How do you interpret this remark?

[Jiang] Population control is the common interest of the entire human race. The achievements scored in China's population control in recent years are absolutely a contribution to the entire human race. Compared with the rest of the world, China has outstanding results in its population control, and data are available to support this. During World War II, the world had a total population of only 2.5 billion. In 1994, it reached 5.6 billion—doubling in 50 years. It is predicted that the total world population will exceed 6 billion by the end of the century. The rate of population growth in the rest of the world is much greater than in China. That China actively adheres to population control as its national policy is not only demanded by its own national conditions, but also is considered its responsibility for the world family....

[Ai] You have mentioned the common interest of mankind, and that the whole world is bearing the population pressure. How many people, then, can Earth support?

[Jiang] Let us begin with a lesson from history. In the two decades following World War II, the average annual growth rate of the world economy was 7 percent, and grain output in many regions increased 100 percent within a very short time, while the rate of population growth was less than 2 percent. During this period, material production surpassed population growth. The world was filled with an atmosphere of optimism for awhile. The governments of some countries even paid their peasants, asking them to suspend farming some of the land so as to maintain grain prices. In the early 1970's, however, two internally related things occurred. One was that oil-exporting countries united against the pillaging of their resources by economically developed regions. They raised the oil price from \$2 dollars a barrel to \$33 a barrel. As a result, those countries that had gotten rich by relying on cheap oil from developing countries suddenly fell into the abyss of protracted economic recession. The other thing was that there were poor harvests around the world in 1972, with wheat output decreasing 2.1 percent and the output of other crops decreasing 2.8 percent. Although the decrease was not large, it still created a crisis in which grain reserves around the world were enough for only two months. The two events are sufficient proof that Earth has very limited resources. At present, some 780 million people the world over are still suffering from malnutrition and hunger. Oil in Arabia is exploitable for only 30 more years. Some estimated in the past that, calculated at the current high level of consumption by developed countries, the world could feed only 2.5 billion people. Judging by the total population, energy consumption, the technological level (which mainly means men's ability to control the ozone layer and the greenhouse

effect), and sustained and steady development, the world will reach the limit of supporting 11 billion people by the end of the next century!

Survey Reveals Youth 'Not Indifferent' to Politics

HK2401145795 Beijing ZHONGGUO XINWEN SHE
in English 1344 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (CNS)—According to the survey concerning China's youngsters' attitude towards politics conducted by the social investigation center of the China's Youth Daily, young people tend to take a practical, calm, not indifferent, approach towards politics.

In answering the question of "What is the most important criteria to measure whether a country is well run?", 51 percent of youngsters chose "economic strength", ranking the first, and 36 percent of youngsters chose the answer of "high living standard", taking the second. These two kinds of answers accounted for as many as 87 percent of the total answers.

Young people tend to take practical attitude towards reform policy and those who have always paid close attention or often paid attention to the political coverage from T.V. and newspapers account for 51.39 percent. Those who have sometimes followed such coverage make up 39.37 percent while 9.4 percent of youngsters have seldom or never paid any attention to political coverage. Those who have every day talked about politics with others make up 1.71 percent, 23.14 percent often, 54.88 percent sometimes and those who have seldom or never talked about politics with others account for 17.22 percent and 2.55 percent respectively. As many as 85.15 percent of young people know something about internal and external political leading figures.

Science & Technology

Satellite Launch Scheduled in Sichuan

OW2501101795 Beijing XINHUA in English 0941
GMT 25 Jan 95

[FBIS Transcribed Text] Xichang, January 25 (XINHUA)—China will launch an Apstar-2 satellite for the Hong Kong-based APT Satellite Company at about 6:35 A.M. [2235 GMT] tomorrow from the Xichang Satellite Launching Center in Southwest China's Sichuan Province.

The launching will be broadcast live by the China Central Television Station.

Apstar-2 was manufactured by the Hughes Corporation of the United States.

It will be put into orbit by a Chinese-made Long March No.2 rocket. It will carry 26 C-band transponders and eight Ku-band transponders, and will provide services for television, telephones and digital telecommunications for Asia, Eastern Europe, North Africa and Australia.

XINHUA was told that the Shanghai-based Pacific Insurance Corporation has insured the launching and initial orbital movements of the satellite for a record premium of 160 million U.S. dollars.

It will be China's first commercial launching of a satellite so far in 1995.

Daily Reviews Booster Rocket Technology Progress

HK2501101895 Beijing JIEFANGJUN BAO in Chinese
9 Jan 95 p 8

[By Sun Xuezhong (1327 1331 1813), staff reporters Cai Yunao (5591 0061 7514) and Zhou Zongkui (0719 1350 1145): "First Rocket City in Asia—Visit to China Booster Technology Research Institute"]

[FBIS Translated Text] It is the high land east of Nanyuan in Beijing.

It was a hunting ground for kings in the past but has now become the cradle of the Chinese nation's space industry. One after another, the "mighty arrows" have been made here and launched into the blue sky.

Lift the Veil To See the Real Face for the First Time

The special profession has given this rocket city a thick layer of mysterious color. The residents of the "city" call it a "big compound," while outsiders call it "No. 1 South Big Red Door."

On 8 September 1992, when people passed by this big compound, they suddenly discovered two big plates on the concrete posts by the door which read: "China Booster Technology Research Institute" and "Beijing Wanyuan Industrial Company." At that moment, the mysterious veil which had covered the rocket city for 35 years, was quietly lifted.

Shortly after New China was founded on the eastern horizon, Mao Zedong decided to develop China's rocket industry. On 8 October 1956, our country's first guided missile research organ—the Ministry of National Defense First Research Institute (China Booster Technology Research Institute), was officially established. Qian Xuesen was appointed the first president of the institute and, from then on, China began the great undertaking of exploring the rocket industry!

On 5 November 1960, that is, 83 days after the Soviet experts left, the first short-range booster rocket manufactured by China, was successfully test launched in the vast Gobi Desert in the northwest! Thereafter, they manufactured short- and medium-range rockets, medium-range rockets, medium- and long-range rockets, and long-range rockets. "Long March 1," "Long March 2," "Long March 3," "Long March 4," and "Long March 2 Rockets With Strap-on Boosters," have appeared like miracles, one after another. All of a sudden, China's rocket researchers and manufacturers, with their unique

aspirations and wisdom, have pushed the young republic's large liquid-fuelled rocket technology to advanced international standards. At the same time, the poorly equipped "cradle" of Chinese rockets of the past, has gradually developed into an establishment comprising 13 research institutes, seven factories, and 27,000 engineers and technicians—a complete set of systems for research, design, trial production, testing, and manufacturing; it shoulders the duties of exploring and making various kinds of space launch vehicles and other high-tech products.

Walk Toward the World, Endure the Test

In October 1985, China formally announced to the world: The series of Long March rockets is available in the international market and China seeks business in launching foreign satellites.

On 7 April 1990, China's "Long March 3" rocket carried the "Asiasat-1" satellite into its predetermined orbit with an extremely high degree of precision, thus, satisfactorily accomplishing the launching of a satellite for a foreign partner for the first time and displaying the talent in the international arena for launching commercial space vehicles.

However, the road of development of China's rocket industry has not been smooth. On 22 March 1992, the launching of an Australian satellite suffered a setback, which cast a shadow on China's space industry but failure and setback have not scared China's rocket researchers and manufacturers. They looked for the reason and searched for clues. After investigating for 17 days, they found the reason. They then worked hard continuously for 100 days to enable a new "Long March 2 Rocket With Strap-On Boosters" to stand on the launching pad of Xichang Satellite Launching Center. The task of launching the Australian satellite, one which drew the world's attention, was eventually accomplished smoothly.

Up to now, the series of Long March rockets has already carried six foreign satellites into space. China's "mighty arrows" have kept casting their brilliance into the world's space arena!

Challenges Ahead, No Stopping

The initial victory has not made the Chinese rocket researchers and manufacturers complacent.

They soberly realize that to upgrade the ability to compete in the international space market, they must make rockets with larger payloads and which can reach higher orbits.

At the same time as they made the "Long March 2 Rocket With Strap-On Boosters" for the Australian satellite, the work in making the "Long March 3A," a rocket which has great thrust and can reach high orbits, was also intensively under way. Researchers worked closely for progress, solved thousands of "Goethe-Bach

conjectures" in eight years, made breakthroughs in a hundred key technologies, and eventually manufactured the "huge dragon" of the east. After sending the "Practice No. 4" satellite and a simulated satellite into space on 8 February 1994, in the early hours of 30 November that year, the "Dongfang No. 3" satellite was once again placed in geostationary orbit. Notwithstanding these achievements, they dare not rest. Li Jianzhong, the newly appointed president of the institute, told reporters that the competition for space business in the future will become fiercer. In the next 10 years, excluding China and the CIS, about 210 satellites in the world are waiting to be launched but there are some 300 space launch vehicles available for commercial launches. The U.S. "Atlas," "Delta," and "Titan-3" launch vehicles and the space shuttles are occupying the major launch market in the world; in Europe, the "Ariane" series of rockets has already secured over 30 clients in the world; and in Japan, the H-2 rockets are about to go up and fight for a place in the world's commercial launching market...

Faced with the fierce competition for space business in the world, China's rocket researchers and manufacturers can only spurt and sprint!

Seismologic Surveillance Facilities 'Damaged'

HK2401130995 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0841 GMT 4 Jan 95

[FBIS Translated Text] Beijing, 4 Jan (ZHONGGUO TONGXUN SHE)—China's State Seismological Bureau experts admitted in Beijing the other day that the country's seismologic surveillance facilities and observation environment have been severely damaged in the last decade or so. As a result, one-third of China's seismic stations now are operating under varying degrees of interference, while one-fifth of stations are incapable of normal operations owing to severe interference. Since one-fifth of the country's seismic stations have to be relocated, a large quantity of valuable seismologic observation materials will have to be discarded, resulting in irredeemable losses. This vicious tendency continues unabated at the moment.

According to a seismologic prediction made by State Seismological Bureau, mainland China is expected to enter a period known for stronger seismicity in the mid- or late 1990s. Chinese seismological experts now are generally concerned and worried about the country's ability to make seismologic predictions accurately, expeditiously, continuously, and reliably, and whether the country will be able to reduce earthquake-inflicted losses to a minimum.

The Beijing Seismologic Telemetering Network is China's first seismologic telecommunication network, and it has made an important and significant contribution to the capital's seismologic surveillance and detection work. However, instruments at Beijing Seismologic Telemetering Network's substations have either been stolen or sabotaged many times in recent years. In 1990,

antennas at the Huaian and Xuanhua substations were stolen. In 1991, a solar cell at the Xushui substation was sabotaged. In 1992, instruments, telemetering equipment, an antenna, a battery, and a distributor, as well as other facilities at the Zunhua substation were stolen. As a result, the Beijing Seismologic Telemetering Network has been incapable of normal operations.

Shanghai's Sheshan Geomagnetic Station is one of the few well-known geomagnetic stations in the world, and has been in operation for more than 100 years. According to reports, the Sheshan Tourism Zone is soon to be extended, with the result that a spectacular platform bridge will be built between East and West Sheshan, with a view to attracting more tourists. As soon as the bridge is under construction or completed, geomagnetic observations in the Sheshan area are bound to be adversely affected. Therefore, the Sheshan Geomagnetic Station is expected to cease operation before long, resulting in untold losses to geomagnetic research at home and abroad.

The Wuhan Geomagnetic Station acceded to the World Geomagnetic Information Center in 1978. As a large number of town and township enterprises have sprung up in the Wuhan area in the last few years, the Wuhan Geomagnetic Station has been operating under interference four times greater than technologically permitted. So the Wuhan Geomagnetic Station also is expected to be moved and rebuilt in a better observation environment.

A person in charge of China's State Seismological Bureau made an emergency appeal to society the other day, calling on all localities to protect seismologic surveillance facilities and observation environments from interference and sabotage so that the country will be able to make more accurate and more reliable seismologic predictions and to reduce earthquake-inflicted losses to a minimum.

Information Materials Lab Opens To Foreigners

OW2401223795 Beijing XINHUA in English 1537 GMT 24 Jan 95

[FBIS Transcribed Text] Shanghai, January 24 (XINHUA)—A key state laboratory on information materials was formally opened to foreign experts here recently after three years of construction.

Financed by loans from the World Bank, the laboratory is headed by Zou Shichang, an academician with the Chinese Academy of Sciences.

Its research is focused on new information membrane materials, with the goal of developing the technology of collecting, exchanging, and storing information.

The first group of research topics has been approved by the state, and the lab has established co-operative relations with universities or research institutions in the United States, Britain, Germany, and Japan.

Leading the world in some fields, the lab has published 153 scientific treatises, including 63 appearing in overseas journals, and has gotten two patents for its research achievements.

Military

Civilian Firms Help in Military Hardware Production

OW2501131295 Beijing XINHUA Domestic Service in Chinese 1120 GMT 12 Jan 95

[By reporters Xi Qixin (1153 0796 2450) and Jia Yuping (6328 3768 1627)]

[FBIS Translated Text] Beijing, 12 Jan (XINHUA)—The reporters have learned from the second national meeting on defense industry cooperation and coordination work today that scientific research and production organizations doing supportive work for military industry in China are seriously adhering to Comrade Deng Xiaoping's instructions on "ensuring armymen-people cooperation, linking peacetime work with wartime needs, giving higher priority to the production of military supplies, and providing civilian support to the military"; are displaying a spirit of "large-scale cooperation"; and have contributed to the modernization of our national defense.

The scientific research and production of military industry involve a wide range of specialties, and each and every project is a systems engineering project undertaken by more than one department, trade, and region. Over the last 10 years, civilian departments, enterprises, and research institutes performing scientific research and production tasks for military industry have carried forward the fine tradition of close cooperation in tackling tough problems and developed and produced nearly 70,000 relevant products. In particular, they have solved a large number of sophisticated technological problems crucial to the production of nuclear weapons, nuclear submarines, guided missiles, and satellites; developed a large number of auxiliary products and new materials of high technological standards and great technological difficulties; and ensured the development and production of key weapons and equipment under the Seventh and Eighth Five-Year Plans, as well as products under special state projects. They have developed more than 5,000 new materials and products, achieved more than 900 important scientific research results, and solved more than 100 crucial technological problems. Many of the products they have developed have filled the gap at home and met urgent military needs in terms of raw and processed materials and auxiliary products for China's newly developed weaponry and equipment. A considerable portion of their products are of advanced world standards.

According to the meeting, the system of coordinated scientific research and production in support of military industry has become one of multiple trades and rational

structure that meets the basic needs of the scientific research and production of weaponry and equipment. Functional organizations have been set up in various central departments, provinces, autonomous regions, municipalities, and grass-roots enterprises and institutions to manage the supportive scientific research and production work. A number of scientists, technicians, and managerial cadres who are devoted to defense industry, well-versed in technology, and have good work styles have developed and produced the raw and processed materials and products that are necessary to the production of both conventional and high-tech weapons. They have guaranteed the essential supplies for defense industry scientific research and production and for the development of weapons and equipment. The tasks in support of military industry have forcefully helped the development of civilian industry and promoted scientific and technological progress.

Fujian Secretary Addresses Military Meeting

HK2401142295 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 22 Jan 95

[FBIS Translated Text] From 16 to 20 January, an enlarged plenary meeting of the provincial military district party committee was held in Fuzhou. Provincial party Secretary Jia Qinglin, first secretary of the provincial military district party committee, attended the meeting and made a speech. Political Commissar (Wei Shenggu), secretary of the provincial military district party committee, gave a work report on behalf of the provincial military district party committee standing committee. Provincial Military District Commander Ren Yonggui, member of the provincial party committee standing committee, gave a summary of the meeting.

In his speech, Jia Qinglin—on behalf of the provincial party committee, the provincial government, and the people throughout the province—first of all extended his cordial regards and new year greetings to all the officers and men of the provincial military district. Regarding the work of the provincial military district this year, Jia Qinglin stressed: We must thoroughly study the *Selected Works of Deng Xiaoping* and arm the troops with the theory of building socialism with Chinese characteristics. We must conscientiously implement the spirit of the Fourth Plenary Session of the 14th CPC Central Committee, and strive to strengthen the building of ideology, organization, and work style of party organizations at all levels. We must constantly improve the standard of combat readiness, and perform in a better way the provincewide duties of defending coastal security and preserving social stability. We must extensively launch double-support and joint-building activities, and further enhance the unity between the Army and the government, and between the Army and the people. We must vigorously accomplish the work toward militiamen and reserve services, and conscientiously step up the building of reserve forces for national defense. We must give full play to the role of vast numbers of officers and men, as

well as militiamen and reserve services, so as to make the building of two civilizations in localities a success. We must keep paying attention to the appointment and exchange of cadres of the people's armed forces department, and to the training of professional military cadres, with the priority given to the formation of a complete and strong leading group of the party committee of the people's armed forces department.

Jia Qinglin pointed out: In the new year—by still adhering to the demand for taking the same breath, sharing the same fate, and being united as one—we must make further efforts to accomplish the double-support and joint-building work; to forge close ties between the Army and the government, and between the Army and the people; and to promote double-support work.

Hainan Entrepreneurs Visit Paracels' Troops

HK2401142895 Beijing ZHONGGUO XINWEN SHE in Chinese 1132 GMT 12 Jan 95

[By reporter Yang Zuoheng (2254 0146 2719): "A Delegation of Young Hainan Entrepreneurs Visits Officers and Troops on Xisha Islands"]

[FBIS Translated Text] Haikou, 12 Jan (ZHONGGUO XINWEN SHE)—A few days ago, out of a deep friendship for the officers and men on the border, a 23-person delegation of young entrepreneurs from Hainan visited the garrison on the Xisha [Paracel] Islands on China's southern border.

The delegation visited the barracks of the troops, observed their exercises, and visited the museum aquarium and the self-sufficient foodstuff and vegetable base. Members of the delegation expressed a deep respect for the officers and men for their spirit of making a sacrifice by defending and developing the Xishas under chronically adverse conditions. Moreover, they sent them silk banners, books, videotapes, drinks, and a sum of donations. A memorial was erected on the Xishas which reads: "Our feelings are tied to sea defense; render meritorious service on the Xishas." It was given as a gift by 13 Hainan enterprises, including the general office of the provincial government, the committee of organs directly under the province, and ZHONGGUO WAIZI Press, together with Hainan's Changsheng Oil Development Corporation, the Hainan Provincial Insurance Company, the Hainan branch of the China National Oil Development Corporation, and the Hainan Provincial Aviation Corporation.

A delegation of Hainan lawyers also arrived on the same day to visit the Xisha garrison. Main leaders of the provincial party committee and government also will be visiting the garrison on the Xishas within the next few days.

Jinan PLA Official on Studying Central Decision

SK2401020795 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 23 Jan 95

[FBIS Translated Text] On the morning of 23 January, the Jinan Military Region held a report meeting in the

Bayi Auditorium to earnestly study the decision made by the Central Military Commission with regard to enhancing the work of managerial education.

Attending the reporting meeting were Zhang Taiheng, commander of the military region; Du Tiehuan, political commissar of the military region; (Xing Shizong) and Pei Huailiang, deputy commanders of the military region; Qian Guoliang, chief of staff of the military region; and Hao Baoqing, director of the logistics department under the military region.

In his speech Zhang Taiheng stated: The decision made by the Central Military Commission with regard to the work of managerial education is the first event in the history of armed force construction in China. It is also a programmatic document for the armed forces to conduct their work of managerial education in the new historic period. It also represents the sublimation of practical experiences gained by the armed forces in their construction. Party committees and leading organs at all levels should deeply understand and grasp that the managerial education of the armed forces represents the collective work with fundamental and successive characters and is an important guarantee for consolidating and upgrading the fighting strength of the armed forces. They should also understand that it is necessary to uphold the principle of strictly running the Army in line with the law and to realistically enhance the leadership over the work of managerial education.

Zhang Taiheng stressed: Leading cadres at all levels should regard the work of studying and implementing the decision as a big event of enhancing the overall construction of the armed forces. They should make overall arrangements, have personnel at every level be responsible for the work, and actively do a good job in conducting the work. They should also enforce the responsibility system in implementing the decision and work out new ideas of building up the armed forces to upgrade the regularization of the armed forces to a new level.

Shenzhen Police in 'Gun Battle' With Triads

HK2501064695 Hong Kong EASTERN EXPRESS in English 25 Jan 95 p 1

[By Bruce Gilley]

[FBIS Transcribed Text] A dramatic shoot-out involving rival triads in Shenzhen has left one dead and one seriously injured. More than 30 police fought a two-hour gun battle against one triad gang, capturing three of its members while another three escaped.

Photos of the incident, which took place on January 10, were published in the Shenzhen Special Zone Daily last week. They offer a rare glimpse into a problem that the Chinese Premier, Li Peng, vowed last year will not be allowed to spread in China.

Guangdong police have requested stepped up cooperation with their counterparts in Hong Kong and Macau in the fight against triads, most of which are thought to have links to the two territories.

The incident began on the afternoon of January 10 in an argument over protection money a Nanshan district triad had demanded from a construction site.

After being asked for the money, the site manager enlisted the protection of five members of a Longgang district triad. When "negotiations" between the two sides broke down at a restaurant in Nanshan on the afternoon of January 10, the Longgang triad opened fire with automatic rifles, killing a Nanshan triad member named "A Shen" and seriously injuring another who went by the name of "The Monkey of Jiangxi".

Police, passing in a car, heard the gunfire and went to investigate. The Longgang triad members jumped into a car and fled, while the police gave chase.

At the Tongle Inspection Station, the triad car rammed into another vehicle and flipped over against a guard rail. All six gangsters fled from the car.

More than 30 officers and paramilitary soldiers from the Lingzhi police station were called out to pursue the triads.

The officers pinned the members down in a construction site and a Wild West-style gunfight ensued.

Two members surrendered and a third was tackled while trying to run away. Three others managed to escape.

There were no reports of civilian or police casualties.

The incident took place in the middle of a 100-day anti-crime campaign in the special economic zone launched at the beginning of November. In the first 50 days of the campaign, police reported the break-up of 418 criminal organisations and arrested 2,870 suspects.

Also seized were 172 firearms, 111 stolen vehicles and 4,670 kilograms of heroin.

In an apparent reprisal against the anti-triad operations and other criminal organisations, a deputy director of the Shenzhen Public Security Bureau, Jiang Laojun, was gunned down while off duty on December 5.

Shenzhen sources said at the time that Jiang was most closely identified with anti-triad work in the special economic zone.

While triad activity has not spread beyond the coastal provinces of Fujian and Guangdong, Chinese officials are sufficiently worried to have issued a national circular calling for greater vigilance against the problem last year.

At the time, Premier Li Peng said every triad gang must be broken up at once.

"Such harmful organisations must not be allowed to develop in socialist China," he said.

***Shenzhen Public Security Cracks Down on Secret Societies**

95P30036A Beijing RENMIN GONGAN BAO in Chinese 5 Nov 94 p 2

[FBIS Summary] Recently, Shenzhen's public security apparatus has launched a fierce assault on secret societies and similar organizations. According to statistics, in September alone, 75 secret organizations were broken up throughout the city, and 400 members were captured. Police have solved 193 cases involving robbery, rape, and other crimes. In recent years, secret societies outside of China's territory, particularly those in Hong Kong and Taiwan, have infiltrated Shenzhen and interior areas.

Despite the efforts of the public security apparatus, they have increased their activities, to the detriment of public order in Shenzhen. In various areas within the city, they have recruited forces, developed organizations, and planned various crimes, causing considerable harm. Shenzhen has responded with a special effort targeted against secret organizations. Sun Biao, deputy director of the municipal public security bureau, stressed coordinating with industrial and commercial departments to target entertainment establishments and markets controlled by secret societies. Sanctions against them include shutting down operations, revoking licenses, and determining criminal responsibility.

General

Zhu Rongji on Economic Difficulties, Solutions

HK2501010095 Hong Kong HSIN PAO in Chinese 20 Jan 95 p 23

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) on 18 January 1995 in Beijing: "Zhu Rongji on China's Present Economic Situation and the Way Out"]

[FBIS Translated Text] Recommended by Deng Xiaoping, Zhu Rongji, China's "economic talent," entered the State Council's leading body in 1991 and became vice premier of the State Council. In October 1992, at the 14th CPC National Congress, he was further promoted and became the fifth-ranking member of the seven-member Standing Committee of the CPC Central Committee Political Bureau—the CPC's third-generation leadership collective. In that period, most overseas media believed he was a reformist intentionally placed by Deng Xiaoping into the CPC's policymaking body to balance reformist and conservative forces. But since he concurrently became governor of the People's Bank of China in 1993 and adopted a series of macroeconomic regulation and control measures in finance, some overseas media have begun to say that he is even more conservative than advocates of the planned economy. The main reason is that instead of giving up macroeconomic regulation and control, Zhu Rongji has been advocating the necessity of improving macroeconomic regulation and control.

A Beijing source revealed that at an internal report meeting on China's current economic situation held shortly after the central economic work conference from late November to early December last year, Zhu Rongji dismissed the above-mentioned overseas comments with a laugh: "Some people said I have gone even farther than advocates of the planned economy. In fact, I have discussed this matter with many Nobel Prize-winning economists and they all held that it is necessary to carry out macroeconomic regulation and control."

How should we appraise Zhu Rongji then? In my opinion, people can draw their own conclusions when they know how Zhu Rongji is appraising China's economy.

Achievements in Reform of the Finance, Tax, and Foreign Exchange Structures

The source said that when talking about China's economic situation at that internal report meeting, Zhu Rongji pointed out: The financial braking of the second half of 1993 created conditions for intensifying economic structural reform. Since 1 January 1994, when reform of the finance, tax, and foreign exchange structures began, better than expected economic results have been achieved. Achievements have been made in practicing the revenue-sharing system, which we wanted to practice but did not for many years in the past, and

especially remarkable successes have been achieved in reform of the foreign exchange system.

Referring to the revenue-sharing system, Zhu Rongji said: "Generally speaking, central financial revenue of a developing country should make up some 60 percent of the total. Only thus can the central finance exercise control over local finance and regulate regional differences and the differences between rich and poor areas. In China, central financial revenue only makes up 30 percent of the total. If this percentage were suddenly to grow to 60 percent, the local economy might suffer a shock. That is why we have worked out a long-term target to protect the vested interests of the local economy. Financial revenue in 1993 did not decline, and the greater portion of the increase was turned over to the central authorities. Similarly, every year that revenues increase, the central authorities will take 70 percent of the increase and the local authorities will take the rest. The latter can ensure that their vested interests are growing year by year and the former's financial revenue will also be increasing step by step. In this way, five or six years from now, central financial revenue may reach 60 percent. This is a quite moderate way, which can be more easily accepted by the local authorities because they will suffer no losses. It seems that this method is being implemented rather smoothly." Obviously, these remarks were aimed at the rumors outside, which said "the local authorities have rejected the revenue-sharing system."

On reform of the foreign exchange system, Zhu Rongji pointed out: When the renminbi was depreciated from 5.8 to 8.5 yuan to the U.S. dollar, we had estimated the risks. But the result was better than expected. Exports were promoted and the trade deficit of \$4 to \$5 billion in 1993 was turned into a surplus of some \$10 billion in 1994. Add to that foreign exchange obtained from tourism and other trades, especially the inputs of foreign capital, and the state's foreign exchange reserves grew markedly. The 1993 year-end foreign exchange reserves totaled \$21 billion, but by mid-December 1994, it was already over \$50 billion, some \$30 billion more, ranking China sixth in the world in foreign exchange reserves. These foreign exchange reserves do not include gold and foreign exchange deposits in the Bank of China. Moreover, the total volume of import and export trade exceeded \$210 billion. As foreign exchange supply exceeds demand, there is a trend of appreciation of the renminbi. Thus, China's payment ability has been strengthened and its prestige has increased. This is also conducive to introducing more foreign capital.

People in Beijing's economic circles said that in reform of the finance, tax, and foreign exchange structures, things that people dared not do in the past several years were done and successes were achieved. Moreover, national strength grew in this way, which was really commendable.

Inflation and State-Owned Enterprises—How To Resolve These Two Difficult Problems

According to the same source, Zhu Rongji also talked about the three major problems now facing China's economy—inflation, state-owned enterprises, and agriculture—and stressed the first two.

On inflation, Zhu Rongji pointed out that with such a high rate of economic growth, it is impossible to avoid inflation in China. It would have been very good if the growth rate were kept between 8 and 9 percent, which is already the highest in the world. If the economy is developing at this rate, China will surely become a real economic power in the future. However, the current rate of 10 to 13 percent is really too high and will inevitably lead to inflation. But we must also realize that the high inflation rate has resulted chiefly from increases in prices of agricultural products rather than the weakening of national strength because of capital construction and blind issuance of banknotes. The current commodity prices are acceptable by the great majority of common people. In this sense, China's inflation is not as serious as described by some people on the outside. Of course, if inflation continues for a long time, serious problems may occur. Therefore, it is necessary to control the rate of development. Only thus can we release the pressure of inflation. Zhu Rongji believes that judging from the situation in various sectors, inflation will surely decline this year.

People from Beijing's economic circles said that as macroeconomic regulation and control have been carried out in the financial, tax, monetary, foreign exchange, and other fields, the overheated economy will not recur. In addition, as the prices of agricultural products have gone up to a certain extent and are generally the same as those of the international market, Zhu Rongji believes that it is not groundless to predict a drop in inflation. The subject for study at present is how much it will drop. The target set by the central economic work conference is 13 percent, but in reality, it may reach 15 percent.

On state-owned enterprises, Zhu Rongji pointed out that there is an erroneous concept outside, that China's state-owned enterprises are retrogressing day by day. As a matter of fact, most money-losing enterprises are medium and small enterprises. Owing to the state's investment and technological transformation, only a small number of large enterprises are suffering losses. Basically speaking, only state-owned enterprises in two industries—the coal industry and the military (ordnance) industry—need financial subsidies from the state. The main reason for the occurrence of many problems in reform of the state-owned enterprises is their unchanged mechanisms. We must make a clear distinction between ownership and production, adopt the shareholding system, and run enterprises the way companies are run. But there are two main things to do. One is to separate government administration from enterprise production,

and the other is to strengthen internal management. We must pay attention to the development of productive forces rather than merely paying attention to production relations. We especially cannot expect a big increase of economic returns in enterprises without establishing a bankruptcy mechanism and a mechanism of reducing the number of employees there. For this reason, we must undertake more experiments in enterprise bankruptcy this year. However, to go bankrupt and lay off employees, there must be a social insurance system. Great efforts are now being made to carry out reform in this respect.

Do Not Adopt One or Two Phrases of Foreigners To Guide China's Economy

The source continued: Zhu Rongji particularly emphasized that it is necessary to correct the practice of adopting one or two phrases of foreigners to guide China's economy. He said: Recently, a relevant department compiled excerpts of some remarks on China's economy by U.S. Nobel Prize-winning economists. This is a good way to correct the practice of adopting one or two phrases of foreigners to guide China's economy. These scholars held that as China's current laws are still imperfect, speculation in sectors such as shares and futures should not be overdeveloped because it has more disadvantages than advantages. Zhu Rongji emphasized that in the current stage, China should concentrate on establishing the basic systems of the socialist market economy. Otherwise the market economy cannot be successfully developed.

People in Beijing's economic circles said that since last year, Zhu Rongji has concentrated on establishing order in circulation. This shows once again his talent and ability in tackling economic problems.

Yue Qifeng on State Firm Management on Commission

*HK2401145995 Beijing ZHONGGUO XINWEN SHE
in English 1242 GMT 24 Jan 95*

[FBIS Transcribed Text] Harbin, January 24 (CNS)—Yue Qifeng, Secretary of the Party Committee of Heilongjiang Province, put forward recently that an effective way to combine the public ownership with the market economy would only be explored through reform of ownership and management on commission is one of the ways to run state-owned enterprises well.

For example, said Mr. Yue, businessmen in Japan, South Korea, Taiwan and Hong Kong, who have investment in the Mainland, have not sent people from the above countries and regions to the Mainland to run their businesses there. They instead entrusted Mainland people to oversee their businesses. The trustees are also doing their best to manage their bosses' businesses.

Mr. Yue also said China must pay much attention to the solving of such problems as confusion of rights of property of and responsibility to enterprises through restructuring the traditional outdated system of running large

and medium-scale state-owned enterprises in the country. [sentence as received]

Management on commission is a good method to solve the above problems and such a method should be put under trial, added Mr. Yue.

RENMIN RIBAO on State-Owned Firms Reform

Part I

HK2501064995 Beijing RENMIN RIBAO in Chinese
19 Jan 95 p 2

["Straightening Out Thinking" column by staff reporter Liu Guilian (0491 5311 5571): "The Origin of 100 Enterprises—Thoughts on Deepening Reform in State-Owned Enterprises, Part One"]

[FBIS Translated Text] Editor's note: The column "Giving Things Right Names and Going All out" on State-owned Enterprises which has been carried in this paper since 1 January has been concluded. This group of reports aimed to convey the idea that an objective and fair evaluation of the "national team" [guo jia dui 0948 1367 7130] is called for and is a prerequisite for further deepening reform.

More importantly, however, it did not aim to evaluate the past OR to feel sorry for the republic's "first generation offspring" [zhang zi 7022 1311] who have made sacrifices but, rather, it aimed to make them feel spirited as soon as possible and continue to be the pillars of the country. Such being the case, it is imperative to advance toward the new goal of reform. Beginning today, we present the "Straightening Out Thinking" column to continuously make explanations on the train of thought of state-owned enterprises' deepening reform, especially the essentials of reform in the modern enterprise system, for our readers' reference.

Whether they are enterprises included in the pioneering project or not, state-owned enterprises are facing the great responsibility of carrying on reform in depth. Should you have any difficult problems or points that call for our help in the course of reform, you are welcome to write to us at any time, at the following address: Economic Department, RENMIN RIBAO, Zip Code 100733. [end editor's note]

Since the beginning of 1995, work has developed in an eye-catching manner in the 100 enterprises selected by the State Council to undergo the pioneering project of reforming the modern enterprise system. The localities or responsible departments concerned are formulating plans for implementation of the project in those enterprises on the list which are under their jurisdiction. The enterprises concerned are further finding out about their own conditions to formulate plans for implementation based on the "Plan for the Pioneering Project" and related State Council departments are formulating comprehensive measures for the pioneering project through intense preparations.

How were the 100 enterprises selected to undergo the pioneering project? What are the differences between their tasks and those in past pioneering projects?

How Were the Pioneering Enterprises Selected

A relevant responsible comrade told this reporter that the enterprises in the pioneering project were selected entirely in accordance with the needs of large and medium-sized state-owned enterprises' to deepen reform, with differences in their starting points and forms.

The 100 enterprises in the pioneering project were selected from 30 provinces, municipalities, and autonomous regions, and 26 departments and general corporations, representing a very extensive scope. All the 100 pioneering enterprises are large and medium state-owned enterprises, of which industrial enterprises account for approximately 80 percent and the remainder includes enterprises in domestic and foreign trade, commerce, and building. The list of enterprises in the pioneering project were recommended by localities and departments under the central authorities and decided upon with State Council approval.

From the angle of economic effects, these include the good, the fair, and the poor; from the angle of categorization, the bulk of the enterprises are state-owned enterprises, some are companies with limited responsibility and also share-holding companies and group companies; their conditions reflect the actual conditions of Chinese enterprises. The guiding thinking for determining the list of enterprises included in the pioneering project is to make a great breakthrough in resolving the bottlenecks of large and medium state-owned enterprises in the conversion of the operational mechanism through the 100 pioneering enterprises.

The universal difficulties in state-owned enterprises are shortage of funds, heavy burdens, and an inflexible mechanism; likewise, enterprises participating in the pioneering project are facing the same difficulties, which explains the universality of the issue. Of course, those enterprises which do not have a hope of changing the situation whereby they suffer deficits resulting from inferior operation should be closed down, their production suspended, merged or transferred. They are not in the category of building a modern enterprise system and, hence, they were not selected for the pioneering project.

The pioneering project calls for relatively sound external conditions and the market conditions in the coastal areas are better than the hinterland, with a better climate for reform. For this reason, the number of enterprises from coastal areas included in the pioneering project is relatively greater than those from the hinterland.

The difference between the objective of the current pioneering project and past projects lies in the demand that not just a particular enterprise be reinvigorated but

that exploration in the experience to reinvigorate state-owned enterprises in their entirety be conducted through the pioneering project with the participation of 100 enterprises. Such being the case, the experience of the pioneering project must contain the means of popularization and be capable of guiding reform in all areas.

Despite All the Differences Between Enterprises, They Must All Conduct Experiments

Almost invariably, state-owned enterprises have contradictions, with great difficulties at deep levels at present. These are mainly due to the nonseparation of government and enterprise functions, undefined property rights and responsibilities, enterprise owners being in name only, the managerial structure of state assets not being ironed out, the incompleteness of the social security structure, and the enterprise's lasting problems such as debts, overstaffing, and the social burden. To resolve these deep contradictions, it is imperative that they conduct experiments.

The enterprise reform today has some connection with past enterprise reforms but with differences. First, its general goal is to mold an independent subjective aspect of economic operation that falls in line with market competition. This precisely requires the readjustment and standardization of the series of relationships between the enterprise and the investor, the enterprise and the debtor, the enterprise and the government, the enterprise and society, the enterprise and the market, and between enterprises. Here lies the difference from past practice wherein the government delegated power to the enterprise, with the enterprise conducting reform alone; now, the participation of both the government and the enterprise is called for to conduct the building of a new system to standardize each behavior. Because of the arduousness of the task, it is imperative to conduct experiments first.

Besides, the current reform is not a single item but comprehensive reform, involving the enterprise system, leadership structure, and various institutions including labor, personnel, and wages as well as the issue of how the enterprise party organization and trade union organization should comply with the demands of institutional reform. Such being the case, through study by the relevant departments, there are 12 comprehensive measures for the modern enterprise system to be formulated in the pioneering project. For example, defining the subjective aspect of the enterprise's state-owned assets, sources of the pension insurance fund for retired workers and staffers, methods for the work of the party organization, methods for trade union's work and democratic administration of workers and staffers, and methods for the administration of labor and wages in the enterprise. These comprehensive measures must go through experiments to be completed and perfected, step by step, and shaped into a system; only then will it be possible to spread them in all areas.

The Pioneering Project Period Is Two Years and the Task Is Heavy

Chinese enterprises fall into two categories, namely, companies with limited responsibility and limited shareholding companies. The majority of enterprises included in the pioneering project should be converted to companies with limited responsibility and a small number of enterprises, where conditions are ripe, may be converted to limited shareholding companies.

By the end of 1994, the majority of enterprises included in the pioneering project had entered the preparatory phase of formulating plans for their personnel and conduct training for experimental operation; some enterprises even presented their plans for implementation. However, the plans were not closely linked to the enterprise's realities, failing to pinpoint the enterprise's plan for development and position and lack of content in blazing new trails in institutions. Some plans seemed to entirely copy the State Council's general plan for the pioneering project and could hardly be operated. The requirement for the current pioneering project is to link to the realities of one's locality, department, and enterprise, with precise details being worked out so that the implementation plan can be operated and a breakthrough in linking to realities is encouraged.

The comprehensive measures in the pioneering project will bring about some breakthroughs in existing policies and these breakthroughs are precisely out of the need for reform to develop in depth and are the insurance for realizing the goal of reform. Nevertheless, enterprises included in the pioneering project should not wait to formulate their plans until all 12 measures are presented. This is because without the impetus of enterprise reform, the presentation of the 12 comprehensive measures would be short of practice and various macroscopic reforms cannot be consolidated nor can their goal be accomplished. Should they be presented too early, the enterprise will find it difficult to operate. Only when enterprise reform and forming a whole range of macroscopic reforms are conducted alternately, while promoting each other, will it be possible for them to develop healthily.

Reform is a long-term undertaking, whereas the pioneering project will take only two years to complete. After the preparatory phase, appraisal of fixed assets and circulating funds, defining property rights, settlement of outstanding obligations and financial claims, appraisal of assets, verification of the enterprise legal person's amount of assets, approval of the enterprise capital, formulation of the company regulations, and operation in accordance with the standardization of the "PRC Company Law" will be completed in the implementation phase. Opinions on pushing the modern enterprise system nationwide will then be set out. There is a good deal of work to be done and the tasks for the 100 enterprises included in the pioneering project are heavy. They should feel a sense of pressure.

Part 2

HK2501074895 Beijing RENMIN RIBAO in Chinese
21 Jan 95 p 2

["Straightening Out Thinking" column by staff reporter Peng Jialing (1756 0857 7117): "Is There Any Partiality for 'Experimenting Units?'—Thoughts on Deepening Reform in State-Owned Enterprises, Part Two"]

[FBIS Translated Text] The 100 enterprises to undergo the experiment of establishing a modern enterprise system have entered the stage of implementation and preparation. By talking about experiments people may think that the state either offers preferential policies or special treatment to the experimenting enterprises. As a result, these enterprises may benefit in one way or the other. So long as an enterprise is selected to undergo the experiment, it will be able to extricate itself from the predicament.

Such thinking is understandable. Since reform and opening up, China's enterprise reform has undergone numerous experiments. In every experiment, those selected can get the benefits which are beyond the reach of others. For this reason, it gives people the impression that there is partiality toward those selected to undergo experiment.

However, the current experiment of establishing a modern enterprise system is different from the past.

The Stress Should Be on Creating an Environment for Equal Competition Among Enterprises Rather Than Offering Preferential Policies

According to relevant officials from the State Economic and Trade Commission and the State Commission for Restructuring Economy who are responsible for the current experiment, the stress should be laid on creating an environment for equal competition among enterprises and not on giving special and preferential policies to the experimenting enterprises. The purpose of the experiment is to offer guidance and gradually spread the experiment to other enterprises. If preferential policies are granted, it will no longer be of universal significance to other enterprises.

Enterprise reform has shifted from extending powers and sharing benefits, with tax reductions and exemptions, to the phase laying stress on blazing new trails in the enterprise system. This has been proposed to meet the characteristics of a market economic system. An environment for equal competition must be established for enterprises in a market economic system which allows only the best to survive. The offering of preferential policies runs counter to this principle. Moreover, the establishment of a modern enterprise system is a comprehensive reform aimed at invigorating the large and medium state enterprises. It is not the partial reform carried out at the initial period in the past, when the experimenting enterprises did a good job while others failed to follow suit.

It has been reported that while selecting enterprises to undergo the current experiment, some efficient enterprises were selected at first, aimed at developing a new system and enabling them to become the backbone force of the state. In consideration of the poor efficiency of a number of state enterprises and the fact that the experiment must have a guiding significance in invigorating these enterprises, 12 enterprises suffering from deficits or which turned out low profits and 12 ordinary enterprises were selected to undergo the experiment.

The Stress Should Be on Blazing New Trails; Problems Cannot Be Resolved by Merely Relying on Policy Readjustments

The current experiment will focus on transformation of the system within enterprises and corresponding reforms from outside. To transform the system within enterprises, it is necessary to straighten out the relations of property rights, which should clearly state who is responsible for the operation of state assets. In other words, how should state assets enter enterprises and what management methods will the state adopt over the state property rights to attain the objective of establishing a state property rights circulating mechanism, which will ensure that the value of state property can be preserved and increased and will optimize the capital setup. These problems are extremely difficult and cannot be resolved by merely readjusting the policies.

Helping Enterprises Relieve Their Burden Is Not Tantamount To Partiality

In the current experiment, the state has formulated some policies aimed at alleviating the enterprise burden and relieving their burden. Does this mean partiality?

State enterprises have shouldered heavy social burdens over the years. This is way beyond foreign-funded enterprises and township enterprises in terms of both the internal and external environment. A number of staff members in state enterprises have assumed posts in foreign-funded and township enterprises. However, they are still living in houses and enjoying medical treatment and transportation subsidies offered by the state enterprises. Obviously it is unfair for state enterprises with heavy burdens to compete with the foreign-funded and township enterprises which have no burden at all.

The Shandong Yanzhou Coal Mining Bureau is one of the 100 enterprises selected to undergo the experiment. Director Zhao Jinjie and party secretary Yue Lisan said that state enterprises do not expect the state to offer any preferential policies. They only hope that the state will undertake the responsibility for its duties, alleviate the burden of enterprises, and create an environment for them to compete with the foreign-funded and township enterprises on an equal footing.

The Yanzhou Coal Mining Bureau is a big mine with 65,000 state staff and workers, 18,000 collective staff and workers, and 200,000 dependents. Besides the livelihood and work of staff members, the enterprise must

undertake responsibility for their children's education and almost everything. To maintain order alone, there are over 1,000 security personnel who are also the responsibility of the enterprise. Such a state of affairs will probably remain unchanged for a considerably long period. If the state can help them alleviate the burden, they said, they will certainly be a match for the foreign-funded and township enterprises and will outdo the foreigners.

The situation in Yanzhou Mining Bureau is quite common among the large and medium state enterprises, which cannot be resolved in all the state enterprises overnight. The enterprises selected to undergo the experiment have taken a step ahead of others. It seems that the state has been partial to these enterprises. As regards all the state enterprises, this move is necessary. In other words, the state enterprises have been "starving" for years and now it is time to enjoy the "food." The question is some may enjoy it earlier while others will later.

Experiment is Exploration and Success Depends on the Quality of the Enterprises Undergoing the Experiment

To allow state enterprises to compete with other enterprises on an equal footing, the state or the relevant competent departments will adopt some measures to help enterprises resolve their debts.

If the loans of the experimenting enterprises constitute an excessive burden, the state will turn these loans with bright prospects to investment, namely, state capital, to alleviate the debts of enterprises. These enterprises will no longer have to repay the principal and interest. Apart from state investment, there will also be plural investment, namely, the state will attract new investors which may include foreign investment and nonpublic capital, thereby forming a plural property rights structure. Such an investment in the experimenting enterprises constitutes a starting point in clearly defining the relations of property rights, rather than partiality.

For example, the Tianjin Steel Tube Company, selected to undergo the current experiment, is an enterprise which has been developed by relying on loans over the years. The state did not invest a single fen so it was not regarded as an investor. As a state enterprise, the state should have injected capital otherwise its status as a state enterprise is out of the question.

The rational flow of redundant personnel, establishment of a social insurance system, and the appraisal of fixed assets and circulating funds are problems to be resolved by all state enterprises. Instead of resolving all the problems at one go, we should let some enterprises make explorations first. This can help most of the enterprises to avoid detours and is not a special policy for enterprises but a move necessary for establishing a new mechanism.

Since trying out a new system is an exploration, there are two possibilities: Success or failure. Whether the experiment can be a success depends on the status and quality

of the experimenting enterprise. Hence, the tasks of enterprises undergoing the experiment are arduous.

What the experimenting enterprises are doing today will be the outcome for other enterprises tomorrow. The large numbers of other enterprises should continue to implement the "PRC Enterprise Law," strive to improve their qualities in light of the "Regulations for State Enterprises to Effect a Change in Operation Mechanism" and "Regulations for Supervision and Management Over State Assets," meeting at an early date the requirements for a modern enterprise system.

Article Views Prospects for Reform in 1995

HK2501094795 Hong Kong CHING PAO in Chinese
No 210, 5 Jan 95 pp 23-25

[Article by Han Ku-sung (7281 6253 2646): "Will China's Reform in 1995 Follow Same Old Disastrous Road"]

[FBIS Translated Text] The 20-Character Principle Will Continue To Be Implemented in 1995

In Beijing, from 28 November through 1 December 1994, the CPC Central Committee and State Council convened the Central Economic Work Conference and laid down the guiding ideology, central task, and policy measures for economic work in 1995. Before this, the authorities had already convened national conferences on reform of state-owned enterprises and the building of rural grass-roots organizations, clearly specifying that reforming state-owned enterprises and "giving priority to agriculture in economic work as a whole" will be the two major tasks of economic work in 1995. The 100 state-owned enterprises and three major companies directly under the State Council where the modern enterprise system will be tried out have already been decided. In the financial sector, the establishment of a social security system and reform of the financial and taxation systems, foreign exchange system, investment system, and other systems will enter a stage of substantial innovation and perfection. The overall guiding ideology for economic work in 1995 is to "properly grasp the major tasks of reform, development, and stability" and continue to strengthen and improve macrocontrol by the state in accordance with the 20-character principle of "seizing opportunity, deepening reform, opening the country wider to the outside world, promoting development, and maintaining stability." Macroeconomic policies must be appropriately relaxed or tightened in accordance with the needs of the times. The overall economic balance will be kept at a level where supply and demand are on the tight side but are not too tight. Economic growth will be fixed at 10 percent, while the inflation rate will be kept under 12 percent in order to ensure sustained, stable, efficient, and rapid economic growth.

Seven Problems in Reform and Development

The arrangements made by the CPC's top level for economic work in 1995 are aimed at problems in reform

and development since 1994. These problems may be summed up as follows: First, inflation is too high. The price level of daily necessities on the mainland has gone up by 20 to 40 percent over the past year, and the price hike tendency has not yet been effectively brought under control. Second, state-owned enterprises are in dire difficulties and lack vitality. Many of them have ceased production or are operating under capacity. The number of urban unemployed already exceeds 6 million. Losses have increased by nearly 50 percent over the past year, while inventories have grown by about 15 percent. Third, local interests have been adversely affected by the reform of the financial and taxation systems to varying extents. The new taxation system, which emphasizes the readjustment of interests and narrowing the gap between developed and underdeveloped areas, reduces the edge of the developed areas in international competition. Fourth, the role of agriculture as the foundation of the economy has been weakened, the sown acreage of grain and other major crops has been reduced by a large margin, about 70 million peasants have left their land for the cities all over the country, and there is now a shortage of farm products in the market. Fifth, no major breakthroughs have been made in the reforms aimed at establishing a new financial system. The People's Bank of China has not been able to establish an independent role, and the policy of running state-owned specialized banks on a commercial basis as enterprises has basically not been implemented. Sixth, reform in state-owned enterprises has come to a standstill, and this has greatly handicapped the implementation of the "overall advance" strategy. Seventh, although smooth progress has been achieved in reform of the financial and taxation systems, and revenues of central and local governments have increased by 11.5 percent and 39 percent respectively, the major objectives of the establishment of a new financial and taxation systems have not yet been attained. In short, these problems in reform and development in 1994 will continue well into 1995. Whether or not the principles and policies of the top CPC authorities can resolve these problems is being keenly watched by people in different walks of life on the mainland.

Economists Call For Change in Mode of Reform

Recently, many mainland economists have been studying and pondering the following question: Mainland China has basically followed a path of "progressive reform" since the commencement of reform and opening up. In economic terms, these reforms have sought to "achieve quantitative increments [zeng liang 1073 6852]." Has the time not come when China should switch to a different reform path?

The concept of "achieving quantitative increments" through "progressive reform" sidesteps the greatest difficulty of carrying out fundamental reform of the state-owned economy, choosing those industries and spheres where control by the traditional planned economy is weak to carry out reform aimed at the establishment of a market economy, and concentrating most energy on the

rural areas, township enterprises, special economic zones, light industry, and opening the country to the outside world. A "double-track system" should be adopted, where the market system in the nonstate sector will be able to develop an advantage in "increasing the elements of production" in the above-mentioned areas, while maintaining the "existing quantitative increments" in the planned state-owned economy by means of improvements. Carrying out minor repairs and carrying out petty reforms in the planned state-owned economy while carrying out major reform in the non-state sectors in the open zones, agriculture, and light industry is a kind of "peripheral warfare." "Peripheral warfare" is not all-round reform and in reality is another name for "progressive reform." Although "progressive reform" is crowned with indelible success, has Chinese characteristics, and has promoted the development of the Chinese economy, there is not much it can do now. Many mainland economists have pointed out that if we do not change the mode of reform, we will find that the strategy of "progressive reform" will show pitfalls in the long run. For example, the coexistence of the two systems under the "progressive reform" mode provides a structural basis for widespread economic and social corruption. Again, differing policies adopted in "progressive reform" will widen the income gap between different regions, departments, and social groups, thereby rendering it difficult to bring about coordinated economic development and increase the overall strength of the country.

Third Plenary Session Establishes Mode of All-Round Advance

The above problems prove that the "progressive reform" mode is badly in need of change and that a reform option that may seem somewhat "radical" should be given prominence. Some mainland economists have pointed out that the decision to "make overall advances while making breakthroughs in key areas" adopted at the Third Plenary Session of the 14th CPC Central Committee in November 1993 in fact established the mode of an all-round advance in reform. This mode of reform requires the following conditions: First, the central government must be firm in its determination to carry out reform and must have the authority to push reform forward. Second, reform must be directed at the planned state-owned sector and totally replace the planned economy with a market economy. Third, reform must be carried out in an all-round, orderly, and systematic way from top to bottom, without leaving any dead angles or attending to one thing and losing sight of another. Fourth, efforts must be made to hold fast to the key area and central link of state-owned large and medium-sized enterprises without respite.

Based on our analysis, we would say that the four conditions mentioned above are basically present, but it remains questionable whether or not there would be "omissions" in the course of pushing forward reform. The most worrying thing is whether or not the top CPC

leaders will be able to persist with the all-round advance and will not "soften" in their will to reform. An economist who is familiar with the inner workings of decision-making in the CPC's top level told this author about the following phenomenon: The top CPC leaders are still very pleased with the achievements of "progressive reform" and believe that this mode should be followed in bringing about socialism with Chinese characteristics. They lack the will to risk all-round radical reform. They often think that progressive reform is conducive to social stability because it has promoted economic growth and improved the people's livelihood. They think that radical reform will prove unpopular and that the road of progressive reform should be adhered to. This mentality of "everything is still all right" may make the top CPC leaders reluctant to face the risk of social instability and push for all-round reform. The top CPC leaders now emphasize the importance of establishing the authority of the central government and have taken actual steps to strengthen central authority. If this step is prompted by the need to carry out all-round reform, it is of course acceptable, but if it is only intended as a means of ensuring political stability and the continuation of progressive reform after Deng Xiaoping's death, it may prepare political ground for the return of the old system, which is worthy of our vigilance.

Zhu Rongji's Viewpoint Grasps Key to the Issue

After the decision on "making overall advance while making breakthroughs in key areas" was adopted at the Fourth Plenary Session of the 14th CPC Central Committee, Zhu Rongji, a man who mainlanders at all levels regard as full of promise, pointed out on numerous occasions that the deepening of reform involved and touched upon the interests of different quarters and could be seen as a new readjustment of interests. He said that the success or otherwise of reform depended on whether or not the interests of different quarters were properly handled and whether different levels could accept the readjustment of interests brought on or likely to be brought on by the deepening of reform. Zhu Rongji's idea is believed to have grasped the key to the deepening of reform. However, the top CPC leaders do not seem to have found a desirable method for properly handling the interest relations of different quarters over the past year. They give prominence to "stability" in the relationship between reform, development, and stability. Therefore, they are more inclined to keep the interest relations untouched by sticking to "progressive reform" and are reluctant to look for and establish a new mode of reform by destroying existing interest relations. This is an important reason why no major breakthrough has been made in reform in recent years.

Some mainland economists are of the view that whether or not the reform plan adopted by the CPC's top level can be implemented in 1995 depends on how much has been accomplished in "the readjustment and breaking down of existing interest relations and establishing a new mode of reform." Although the progressive mode of

reform is no longer widely acceptable to different quarters in society, it is unlikely that CPC decisionmakers can reach a consensus on changing the mode of reform to replace progressive with radical. Besides, it is unlikely that the radical mode of reform can bring about a simultaneous growth in the interests of all quarters within a short period, and the first to lose out are likely to be interest groups in the state sector. The predominance of these interest groups at the ideological level can protect their interests from being infringed upon. This is the biggest difficulty mainland China will face in reform in 1995.

Will Reform in 1995 Follow the Same Disastrous Road?

In short, regardless of whether or not the top CPC leaders realize that the question of changing the mode of reform has been put prominently before them, how they make their choice will be a test of whether they are firm in their will to reform and whether they have the ability to lead reform. In a sense, they have been given legitimate authority by Deng Xiaoping and other elder statesmen, and there is unlikely to be a major change in this legitimate authority. However, they still need another kind of recognition of their legality in the form of support and backing from different political factions within the CPC and from different interest groups in society, and this has to be won through their own power and wisdom. A person who regularly takes part in top-level CPC decisionmaking and counseling told this author in private: The theme of the Fourth Plenary Session of the 14th CPC Central Committee held in September 1994 was strengthening central authority. If strengthening central authority results in the top CPC leaders becoming firmer in their will to carry out reform and choosing the correct mode of reform, then this authority will be recognized and supported by people within and outside the party. Otherwise, central authority cannot be established. If conflicts between different interest groups sharpen and intensify because of an incorrect choice about the mode of reform, there will definitely be political rifts in the top levels. He cited two examples to support this view. The first example was: Between March and August 1986, the State Council drew up an overall plan for supplementary reforms in pricing, taxation, revenue, finance, trade, and other matters for the first half of the Seventh Five-Year Plan, and they intended to put this into practice in early 1987. This plan had the praise and support of Deng Xiaoping. In October 1986, however, the person in charge of the State Council at that time was pressurized to suspend this overall plan for supplementary reforms. The outcome of this was that CPC General Secretary Hu Yaobang was forced to step down early in the following year. The second example was: In June 1988, the CPC Political Bureau decided to "storm the pass in price reform" by carrying out price and wage reform. However, due to mistakes in the reform plan, which favored adopting an inflationary monetary policy to support rapid economic growth, prices soared and there was panic buying across the country. Some people thus

concluded that "we should not seek quick results in reform." The mode of reform thus changed from "storming the pass" to "progressive reform." Eventually the plan to "storm the pass" was abandoned. The outcome of this was that CPC General Secretary Zhao Ziyang stepped down from office in the following year. These two incidents are typical examples of how mistakes in choosing the reform plan led to political splits and a loss of central authority. Will reform in 1995 follow the same disastrous road? Top CPC leaders are advised to pay special attention to this issue.

***Researcher Analyzes Township Enterprises Reform**

95CE0204A Beijing GUANLI SHIJIE
[MANAGEMENT WORLD] in Chinese No 5, 24 Sep
94 pp 142-149

[Article by Shi Xiaoyi (4258 1321 5030), of the Township Enterprise Economic Research Institute of the Ministry of Agriculture: "On Upgrading China's Township Enterprises"—edited by Fan Guohua (2868 0948 5478)]

[FBIS Translated Text] In China's new phase of going all-out to build a socialist market economy, the full-scale upgrading of township enterprises is not only essential, but also possible. The current crucial upgrading tasks of township enterprises are ones such as perfecting the property rights system by upgrading to a shareholding cooperative system (shareholding, or joint-stock system) to build a modern enterprise system, pushing forward with S&T advances to improve enterprise quality, and doing a good job of the "East/West-China Cooperative Project" to shrink regional gaps. Crucial countermeasures to "prevent falling back into old ways" are freeing up thinking and converting concepts to create good external terms for township enterprise upgrading, implementing state credit policies to increase investment in township enterprises, and speeding up legislation to ensure in law the sustained and sound growth of township enterprises.

As the key to, difficulties in, and hopes for making everyone in China comfortably well-off by the end of the century can be found in the rural areas, township enterprises bear a heavy cross-century historical burden. Symbolized by Deng Xiaoping's spring 1992 southern-tour speeches and the 14th CPC Congress, China's reform and opening, as well as township enterprise growth, have all entered a new phase of development. This year, 1994, has been a crucial one of an all-out nationwide establishment of a socialist market economy, as well as one in which China's reform dynamics have been most coordinated. The emergence and application of reform steps in areas such as planning, investment, tax revenue, finance, and the foreign trade system, have provided great development opportunities for the input of much new vigor to our overall national economic growth, as well as for creating good external terms for township enterprise reform. China's township enterprises have now entered a crucial transition phase, in

which opportunities coexist with challenges, but the challenges are grimmer. This article will tentatively explore several issues involved in the upgrading of China's township enterprises.

I. "Township Enterprises Have Reached a Crucial Moment"—Upgrading Is Imperative

1. The Inherent Need To Upgrade Township Enterprises

In recent years, township enterprise operating forces have deteriorated somewhat, in some cases already having decayed. The causes of this are diverse. In contrast to the 1980s, certain macroeconomic policies and microeconomic terms for state development of township enterprises have undergone sharp changes in the 1990s. On one hand, the "funding content" of preferential policies is inadequate while, on the other, the inherent flaws and limiting factors of township enterprises per se are also growing ever more evident.

Enterprise independence and operating autonomy have become somewhat "impractical," with township enterprises having deteriorated in some cases into rural administrative appendages. Property rights have not been delimited clearly, due to the effects of the old system, with the property rights of many township enterprises, particularly all types of community collective economies, not clearly defined. Property rights have not been clearly broken down to each legal or natural person, which has produced a sort of cadre or government economy in which "all have a share, but no one is in charge." Government administration is intertwined ever more closely with business management, leaving enterprises with ever less production and operating autonomy. This phenomenon has become one of the major obstacles to the upgrading of collective enterprises to a shareholding cooperative system.

Enterprise operating autonomy is being weakened and lost, even to the extent of township enterprises being completely controlled by and subservient to township governments. A few township governments treat township enterprises as money trees, making enterprises pay more when output rises, while loans still have to be paid when output falls. Moreover, all township governments interfere and intervene too much in enterprise affairs, even to the extent of taking the whole matter into their own hands, making it essentially impossible for enterprises to become market players. While individual, private, and three kinds of foreign trade enterprise elements exist in large numbers and are growing rapidly, collective assets are being eroded, in some cases deteriorating into a private economy for a few powerholders. Within enterprises, while the employment system used to have the flexible force of "whoever was most capable was allowed to do the job" and "those in charge paid the bills, with those unable to pay the bills yielding their positions," recent years have brought a blind study of the state-enterprise stereotypes of "permanent workers" and a "graded wage systems." In addition, the enterprise cohesion produced by intimate attachments, such as

existing clannishness and connections, is now turning negative, making it hard to practice a normal business management system, hard for talent to emerge, and hard for employee initiative to be aroused, critically undermining the former personnel and employment systems.

2. The External Terms for Upgrading Township Enterprises

With township enterprises subject to joint double-suppression by township governments and comprehensive (trade) management, enterprise decisionmaking is bound to become "governmentalized." A market economy with operating autonomy has turned into an "examination and approval economy" in which every step requires "kowtowing to some Buddha," with the peasant-run "examination and approval economy" having become even more onerous than the state-enterprise directive-planning economy. This has created a situation in which "township enterprise operations are very harried, with departments putting out layers of rules and regulations, while county and township executives are busily cooperating to ensure that all matters do not lack a single official stamp," which is severely restricting township enterprise creativity and growth.

Two years ago, local governments used the "amnesty and service" method to lure away township entrepreneurs or capable factory directors and managers, to serve as all sorts of administrative officials. They used the "reorganization" form to compromise and take away responsibilities from township enterprises, for a replay of China's historic (1958) mistake of levelling out peasant interests. This levelling out confiscated township enterprise property, changing the ownership nature and subordinate relations of the township-enterprise economy, to severely infringe on the legitimate rights and interests and directly affect the psychological stability of township enterprises. While this mistake is now being somewhat restrained and corrected, its impact and aftermath are far-reaching.

3. The New Need To Upgrade Township Enterprises

The last seven years of this century are a crucial period for China's reform and opening, national economic development, and rural transition from having just enough food and clothing to being comfortably well-off. Township enterprises are striving by the year 2000 for a gross output value of 7.6 trillion yuan, including a GVIO [gross value of industrial output] of 5.4 trillion yuan, taxes and profits of 750 billion yuan, and a redeployment of 50 million workers. And it will be only through upgrading that township enterprises will be able to shoulder this heavy cross-century burden.

4. The Economic Might of Township Enterprises Makes Upgrading Possible

China's current township enterprise development has quite strong economic might as its material basis. In 1993, township enterprises nationwide had a gross

output value of 2.9022 trillion yuan, or 35 percent of GNP, and 71 percent of our rural gross output value, up 60.8 percent from 1992. This included a GVIO of 2.21 trillion yuan, up 67 percent, to make up 47 percent of the national GVIO; taxpayments of 95 billion yuan, up 48.4 percent from 1992; more than 100,000 export-earning enterprises numbering, with export commodity deliveries with a gross value of 235 billion yuan, up 71.8 percent, or 45 percent of our national export commodity gross purchase value, and nearly 100 enterprises with deliveries topping 100 million yuan each. Nationally, we had more than 400 township enterprises with output value topping 100 million yuan each, and more than 300 with sales turnover topping 100 million yuan each. In 1993, over 40 percent of our national net growth of gross output value and 50 percent of our net tax revenue increase came from township enterprises. Our township enterprise development level and might make their upgrading possible.

5. Overall Party and State Policies and Principles Guarantee Upgrading

The consistent emphasis of the CPC and the state on developing township enterprises, as well as the series of policy steps that they have drawn up, are the most fundamental guarantees for township enterprise upgrading, as well as for their sustained, rapid, and sound development. Comrade Deng Xiaoping has praised township enterprises as an absolutely unexpected "new force suddenly come to the fore" since reform, calling them, along with large and medium state enterprises and our regime, the three major advantages for building socialism with distinct Chinese characteristics. Jiang Zemin clearly summed up township enterprise development in his report to the Eighth Plenary Session of the 13th CPC Central Committee as "four necessary routes," to invigorate our rural economy, raise peasant income, promote rural modernization, and speed up national economic growth.

In market economy terms, the implications of our general national township-enterprise policy of "active support, rational planning, correct guidance, and better management" will be further enriched and improved, with the state better applying its strategy of developing and building township enterprises in central and western China. Premier Li Peng reemphasized in the 1994 "Government Work Report" that "development of township enterprises is the essential path for the rural areas to become comfortably well-off." The principles and policies of the CPC and the state provide the insurance terms and economic climate for township enterprise upgrading.

II. "A Great Advance Along the Path of Reform"—The Crucial Upgrading Mission

A. Upgrading Task 1: Perfecting the Township-Enterprise Property Rights System, To Promote Upgrading to a Shareholding Cooperative System

1. In upgrading township enterprises to a shareholding cooperative system, we need to act in line with the basic needs for "active progress, correct guidance, steady improvement, and gradual standardization," act realistically, provide graded guidance, develop whatever forms are most suitable, and adopt the forms which develop fastest, instead of practicing indiscriminate application. All forms of shareholding cooperative enterprises belong to the new socialist collective economy, and all needing vigorous support, with the use of diverse forms and the adoption of effective policy steps to encourage peasants to vigorously develop primary, secondary, and tertiary industries such as agriculture, industry, building materials, communications and transportation, and commercial catering trades, to optimize the reorganization of all production factors. As to the particular upgrading process: Newly set up township enterprises should act in line with the principle of "joint fund raising, profit sharing, accumulation, and risk," to be run as shareholding cooperative enterprises; former rural collective enterprises need to be upgraded to shareholding cooperative enterprises through forms such as asset evaluation and share conversion and expansion to reinforce and improve enterprise operating forces, and add to enterprise vitality; lateral economic enterprise associations should evolve from their former cooperation to shareholding plus cooperation, for merger reorganization and mutual shareholding between enterprises and across regional, industrial, and ownership-system lines, to establish shareholding-system (shareholding cooperative system) enterprise groups; individual and private enterprises can voluntarily focus on the service function, being actively and safely guided to gradually develop in the direction of the shareholding cooperative system, to expand enterprise size, increase economic might, and raise enterprise quality and management levels.

2. Practicing and perfecting a shareholding cooperative system will be an historic process. On one hand, we need to explore shareholding cooperation theory steadily, guiding the development of a shareholding cooperative economy; on the other, we need to use typical demonstrations to disseminate basic shareholding-system (shareholding cooperative system) knowledge, so that peasants will accept the shareholding cooperation method to develop the economy and enrich themselves. We need to guide peasants to set up new enterprises in shareholding cooperative form, while upgrading the former collective-enterprise property rights system; we need to guide township enterprises to form associations and join forces with large and medium state enterprises and foreign-invested enterprises, so that our whole economy has a specialized division of labor along with vertical and horizontal coordination, which will contribute to both microeconomic vigor and macroeconomic regulation and control.

3. The practice and perfection of a shareholding cooperative system will require correct macroeconomic guidance. Aiming at problems that now exist in shareholding

cooperative enterprises in areas such as property rights system, management system, and profit distribution, we need to sum up experience, explore conscientiously, practice boldly, and standardize gradually. We need to coordinate well the three areas of policy, management, and service, so that this new form of enterprise organization will be more full of vim and vigor. Qualified enterprises can act in line with pertinent state provisions to practice shareholding, growing and reorganizing into limited liability and joint stock companies. Meanwhile, we need to pay attention to three tendencies: 1) We need to avoid the tendency to treat shareholding cooperation as merely a fundraising means while ignoring the conversion of operating forces and the establishment of rules and regulations; 2) We need to avoid the tendency in asset evaluations and stock rights establishment to arbitrarily carve up collective shareholdings, which would cause collective-asset losses and allow a few to reap third-party profits, gobbling up collective or other unit's (organizations) assets; 3) We need to avoid the tendency to disregard regional gaps and enterprise realities, while taking precipitate actions, such as practicing a single model, emphasizing targets, and setting time deadlines for completion.

B. Upgrading Task 2: Establishing a Modern Enterprise System

Both history and current reality clearly illustrate that the traditional operating forces of township enterprises are not suited to the new conditions of a socialist market economy, and so need an overall and fundamental upgrading in preparation for building a modern enterprise system.

1. We need to further improve enterprise operating forces, to enhance enterprise vitality. We need genuinely to separate government administration from business management, in order to strengthen independent and autonomous decision-making functions. We need to strictly distinguish township government and enterprise responsibilities. Township enterprises need mainly to emphasize local (community) enterprise development planning and distribution and harmonizing community-enterprise and enterprise-enterprise relations to improve service functions. Enterprise production and operating actions, project investment, product development, personnel planning, and internal profit distribution all need to be decided on by enterprises autonomously.

2. We need to solve the serious township enterprise problems of overlapping organization, sluggish action, and bureaucratic style, so that organizational establishments are chosen directly in line with the principle of market orientation, with the standards of external simplification and internal clarity, unimpeded command, effective treatment of concrete matters, and response flexibility. We need to streamline organizations, by separating out personnel and having fewer second- and third-line personnel, strong first-line might, less mid-level management, and effective top-down government decrees, to raise efficiency.

3. A scientific enterprise management system will mean adhering to collective leadership. Enterprise corporations need to play up public advantages and supplement their own shortcomings, with crucial enterprise issues decided through all forms of collective discussion, to reduce empiricism, overcome one-sidedness, and make decisionmaking more scientific. We need to put our leadership system in order, with qualified regions establishing township enterprise head offices and managers at the two levels of the township and the village. Within enterprises, we need to organize a capable and united leadership system that will contribute to operating decisions and raise work efficiency.

4. We need to raise the basic management level of enterprises. We need to set up a sound standardization system and actively adopt international or advanced domestic standards; we need to set and perfect all quotas and practice strict quota management to raise our norms; we need to improve measurement methods by practicing strict measurement control; we need to keep sound original records of production and operating actions and technical and economic case files and establish and reinforce a composite information system; we need to improve all rules and regulations; and we need to emphasize on-site management. All basic management needs high standards, with standardization and efficiency, to meet management modernization needs. We need to draw on advanced international and domestic management expertise, putting priority emphasis on financial, distribution, quality, safety, and environmental-protection management. We need to have a sound contract target system, making items such as enterprise product quality, economic efficiency, equipment completion, asset multiplication, technical advances, enterprise quality, and environmental protection the key assessment items of our contract target system. We need to strengthen our competition and risk forces by selecting excellent contractors, advocating public bidding on contracts, and actively practicing assets-rollover-multiplication and all-personnel venture-guarantee contracting.

5. We need to improve township enterprise management bodies. Nationally, our township enterprise responsible departments (township enterprise management bureaus and commissions) suffer from too few generals and privates, as well as too little real human, financial, and material power, which is obviously out of line with the enormous task they assume of mobilizing innumerable enterprises to do "social engineering." As government economic officials, all comprehensive departments, as well as sectors such as labor, personnel, taxation, finance, and system reform, need to emphasize management services, serving enterprises pragmatically, streamlining administrative formalities, raising administrative efficiency, paying attention to stimulating and protecting enterprise reform initiative and creativity, and acting in line with the "three contributions" principle. All departments need to act in line with circumstances, cooperating and promoting, to promptly resolve

real difficulties and problems encountered in reform, and absolutely not to shirk responsibilities and not to wrangle.

We need to establish an "overall township enterprise mindset." 1) The finance, taxation, and commercial supply and marketing sectors need to use their own advantages in funds, policy, and circulation channels to assume the heavy tasks of "overall financial management" of and "logistics support" for the "overall township enterprise order"; 2) the personnel and science commission sectors need to become the "planning sector" for the allocation of scientists and technicians and science and technology [S&T] projects in the "overall township enterprise order"; and 3) Communist Youth League party committees and the Women's Federation also need to become a shock brigade for the "overall township enterprise order," organizing youth and women to contribute to the development of a commodity economy.

6. We need to tighten our economic oversight of township enterprises. Responsible departments and sectors, such as finance, taxation, banking, industry and commerce, auditing, pricing, and standards quality inspection, need to act in coordination, bringing the regulatory impact of economic leverage into full play by practicing effective oversight and management of the economic operations of township enterprises.

7. We need to bring order to the relations between administration and trade management of township enterprises. Government township enterprise management sectors at all levels assume the dual mission of overall and administrative management of township enterprises. Along with exercising trade management over township enterprises, they exercise overall planning, planning, guidance coordination, oversight, and service for the whole industry. We need to set up a feasible trade management form to exercise government authority over trade management.

8. We need to conscientiously implement the "Corporate Law," standardizing the actions of market-economy players, and prodding township enterprises to establish a modern enterprise system and develop a socialist market economy. Township enterprises need to create the terms for acting strictly in line with "Corporate Law" provisions in areas such as limited liability and joint stock company establishment and organizational structure to prevent precipitate action. They need to do a rigorous and conscientious job of basic work, such as evaluating assets and funds and liquidating debt while, in the corporate reorganization process, making the conversion of enterprise operating forces the key link to be emphasized.

C. Upgrading Task 3: Promoting S&T Advances, To Raise Enterprise Quality

1. Our technological upgrading principles are a firm adherence to high-tech minimums, high added value,

high quality, high efficiency, low consumption, and quick results. We need to use modern production means to upgrade our manual labor production form, employing modern science and technology to upgrade our traditional production technology and practice the appropriate scientific-management economy of scale to upgrade our small-scale production operating mode. Gradually, we need to ensure that township enterprises essentially change their backward look of ageing equipment, technology, and products, to form an industrial group with a rational structure, steadily rising quality, sharp competitiveness in domestic and overseas markets, and better efficiency of scale. In technological upgrading, on one hand we need to focus limited technological upgrading investment on upgrading and replacing the crucial equipment of mainstay industries and key enterprises in order to raise our technological upgrading minimums; on the other, we need to emphasize production technology and equipment innovations. Through setting up small industrial development zones, we will consolidate land acquisition, planning, and development and streamline examination and approval formalities to raise investment efficiency. In the technological-upgrading application process, we will go all-out to ensure that funding and specialists arrive promptly, thus improving our business management of technological upgrading projects once they go into operation to achieve the desired results of the new technology.

To promote S&T advances by township enterprises, intensify talent development, and raise employee quality, we will do the following basic jobs well: 1) We will engage some senior specialized talent in a directed way, which engaged talent will solve key problems in enterprise production technology, product development, and operation and management, while paying attention to passing on their knowledge, skills, and experience to apprentices through a combination of teaching and education in order to pass on permanent specialized technical and management talent for enterprise operations; 2) we will use rotational assignments to emphasize the building and improvement of enterprise management, technical, financial accounting, and business marketing ranks; 3) we will start with fundamentals, improve employee literacy, and provide rigorous training in basic skills; 4) we will do a good job of training and evaluating township enterprise factory directors (managers) in a prioritized, step-by-step, and level-by-level way.

2. We will adhere to externally oriented development, to score overseas successes. A crucial feature of a contemporary market economy is openness. Township enterprises will face up to both domestic and foreign markets, better open up to the outside world, develop international operations, persist in simultaneous foreign trade, economic relations, and investment, and make active use of foreign investment to set up "grafted projects" and bring "hybridization" advantages into full play, while expanding international economic exchange and cooperation and getting on track with the international market through externally oriented development to take

part in general international economic cycles. Meanwhile, where the terms are adequate for township enterprise export earnings, the state will grant enterprises import-export rights. For township enterprises in central and western China, assessment criteria can be appropriately eased, to stimulate development of export-earning enterprises.

D. Upgrading Task 4: We Will Do a Good Job of the "East/West-China Cooperation Project," To Reduce Regional Gaps

1. A funding shortage is the major reason why township enterprises are growing slowly in central and western China. A market economy emphasizes the optimum disposition of all production factors, particularly in the most deficient area of fund input. Capital investment seeks profit maximization, with financial institutions also growing ever more commercialized. The state needs to resolve macroeconomically the abnormal capital and resource losses of central and western China (especially poverty-stricken and minority nationality regions), clarify its support for protection and development, combine "transfusion" and "creation" in method while distinguishing them in policy, differentiate policy- and commercial-loan support for undeveloped regions, and draw up administrative and legal oversight steps to prevent outflow in any form to nonpoverty-stricken regions.

2. The sharp movement of S&T talent toward our southeastern coastal zone, accompanied by the sharp export and shift of manpower from poverty-stricken regions, has become one of the key limiting factors in the ability of these regions to develop and utilize resources for the expansion of township enterprises, improve commodity competitiveness, control poverty and ignorance, and expand their economies quickly. So we need to reform our talent management system, establish the principles of labor characterized by and grounded in S&T talent, learn from application, utilize advantages, support S&T talent as the engine for moving toward the market, and adopt standardized management procedures, such as flexible talent selection, promotion, and reward forms, with talent management agencies not only drawing support from the public, but also providing mobility to discharge concerns and resolve difficulties. We must not practice blocking or pressure, even less so the method used by some places of "keeping road tolls" that tries to save a little only to lose a lot, which would dishearten or make mobile talent flinch. We need to adopt diversified forms of talent attraction, draw up diversified preferential policies, and adopt diversified means, such as east-west exchange, knowledge-material exchange, and regular mutual engagement and assignment. We need to emphasize attraction as well as existing talent and create a climate and conditions to bring their abilities into full play. We need to make the training of a permanent corps of talented teachers our S&T talent management priority, broaden our thinking, and vigorously set up all forms of talent-training schools

(training classes), to both attract and train talent. Without appeal, the talent we train will also fly away, to say nothing of attracting any new talent.

3. We need "east/west-China cooperation," with reciprocity and mutual benefit, for joint development. Because realizing the "demonstration project in township enterprise east-west cooperation" is a key step in the State Council strategy to speed up the growth of township enterprises in central and western China in order to lessen regional gaps, we need to draw up detailed aims, policies, and measures, applying them in a step-by-step and planned way. We need to create the terms for and actively organize provincial and interprovincial formation of lateral economic cooperation at various levels and of varying sizes between developed and undeveloped regions to achieve the aims of promoting the rapid growth of township enterprises in undeveloped regions, while making it easier for undeveloped regions to adjust their industrial structures and upgrade their products through reciprocity, coordinated development, and common improvement.

As township enterprises reach new heights in economically developed zones in China's eastern coastal belt and large and medium city suburbs, emphasizing externally oriented and high-tech development, breaking into the international market as their key line of attack, and focusing on attracting and assimilating domestic and overseas high-tech achievements and conducting in-depth, precision, and systematic manufacturing, that will be bound to cause those middle and low-grade advanced-application S&T achievements and equipment, as well as rough (primary) manufacturing and related parts industries, to expand gradually and shift to central and western inland China (rural areas). In addition, as the people in central and western China have high hopes for casting off their poverty and becoming comfortably well-off, this will provide rare opportunities for inland rural acceptance of S&T radiation, learning from urban industry, urban-rural integration, and development of township enterprises. Meanwhile, it will provide opportunities for inland township enterprises to attract foreign investment and technology and develop lateral economic alliances to take part in international markets.

The east/west-China cooperation project needs to be combined with state poverty relief, with supported areas setting aside a certain percentage of development funds appropriated by the state for support to poverty-stricken regions to integrate projects and technology with supporting regions, as a "creation" project to start up, develop, and strengthen township enterprises. As to specific methods, we need to accurately choose projects, enterprises, and communities for demonstration effect, supporting and developing an enterprise, and then supporting, developing, and consolidating an area in casting off poverty.

The east/west-China cooperation project needs to be selectively combined with border opening and development, with special emphasis on those places with

regional advantages for developing border trade, where eastern zones need to seize opportunities to participate in border development and establishment of export trade bases. Meanwhile, in a directed way we need to help township enterprises in supported regions develop export-earning products with distinct local (nationality) features, as well as setting up windows in eastern coastal zones and special economic zones for township enterprises in central and western China, providing opportunities and terms for international markets, to form a national order of north-south opening and east-west development, with each region playing its role in coordinated development.

III. "Preventing Regression"—Countermeasures for Successful Upgrading

Upgrading township enterprises on market economy terms is a complex sort of systems engineering. To promote successful upgrading, on one hand we need to respect peasant aspirations and options. Township enterprise upgrading, just like reform in other areas, cannot succeed without peasant participation and support. On the other hand, the state needs to improve its leadership and guidance of township enterprise upgrading. As township enterprise upgrading involves adjusting the interests of all parties and is a job involving much policy and broad areas, government at all levels needs to recognize the importance and complexity of upgrading by conscientiously providing better leadership. We need to adhere to the principles of objectivity, suit measures to local conditions, and provide graded guidance.

In the course of township enterprise development, just seeing opportunities is not enough, as we still need to treasure them. And just aspiration and enthusiasm for seizing opportunities is not enough, as we still need feasible methods and measures for exploiting opportunities well.

1. We Need To Free Up Our Thinking and Change Our Conceptions To Create a Good External Climate for Township Enterprise Upgrading

1. Freeing up thinking and eliminating confinements should be a permanent proposition for reform exploration, and our reform conceptions should have no forbidden areas. For township enterprises to flourish permanently, they will have to transcend traditional thought patterns and development routes. To face up to new market economy conditions, they will have to change from dependancy to an independent mindset, from deficiency to an equal mindset, and from going along with the crowd to a creative mindset. We need to do away with "leftist" interference, adhere to market-economy operating forces for township enterprises, and retain all good forces and methods that can bring township enterprise advantages into full play, as well as sum up, improve, and develop them, instead of discarding them.

In China's fundamental economic system, our ownership structure is one in which public ownership (including state and collective ownership) dominates, supplemented by individual, private, and foreign-invested sectors, with various ownership types being organized in varying forms, and enterprises of all economic status and form all having access to markets for equal competition and joint development. The dominant role of the state economy is also realized and expressed through market competition. And suited to our ownership structure, our distribution system is mostly distribution according to work, supplemented by distribution based on other production factors (mainly funds), with consideration given to both efficiency and fairness, in which market forces rationally widen the distribution gap as an incentive to efficiency. Meanwhile, the state uses diverse regulatory means to prevent polarization, so that we can all gradually get wealthy together. Enterprises of all ownership types are treated equally and without discrimination as to policy.

When dealing with the matter of the collective economy, a publicly owned "single-product economy," while looking at its favorable aspect of being good at coordinating and balancing economic development, we also need to see its "secondary state-run" bureaucratic air, lacking a sense of crisis, pressure, and motivation. So while stabilizing enterprise cadres and employees, we need to stimulate internal drive for enterprise development.

2. Government at all levels and responsible departments need to convert their conceptions and functions, emphasize both state-owned and township enterprises, and pay attention to the coordinated and harmonized development of both. Township enterprises need to be developed in line with the principle of supporting whichever ones develop fastest without regard for whether they are collective, individual, private, or joint-venture enterprises, with vigorous adjustment of industrial structures and product mix focused on the market, and all work subordinated to and in service of economic development.

3. Township enterprises need to change their ideas about their own role. Township enterprises have undergone a process of growth and maturity in a bit and supporting role in an in-between economy and grass-roots industry. But if they always regard themselves as being in the position of "minor partners," playing a supporting role in socialized large-scale production, it will be very hard for them to find a secure footing in the socialist market economy. So township enterprises need to boldly act in the pioneering and development spirit of a leading role, rather than always dancing to another's tune, better pioneer new routes and create new arenas on market economy terms, and learn how to draw on the advantages and strengths of large and medium state enterprises in market competition, so that they can fly side by side in domestic and overseas markets.

4. The state's general principles and all preferential policies for developing township enterprises need to be conscientiously implemented to bring real results. Persons or matters that would "corrupt" or distort state principles and policies need to be promptly corrected and dealt with, to ensure the legitimate rights and interests of township enterprises in accordance with law.

In the last year or two, economic theorists have not adequately recognized the thesis that "township industries are the dominant players in China's medium and small industries," meaning that the status and role of township industries in China's industrial system should not be long ignored by people, particularly those in departments in charge of high level research advice and overall economic policymaking. As enterprises are the basic cells of public economic activity, without a majority of medium and small enterprises, the organism of public economic activity would not survive. Throughout the world, in a certain sense, the number of medium and small enterprises is a yardstick by which to judge whether a country's national economy is dynamic. In 1992, 63.6 percent of China's GVIO and 57.7 percent of profits and taxes came from medium and small enterprises, with 75 percent of Chinese employees working in medium and small enterprises. In contrast to overseas, China's medium and small enterprises are characterized by being more dispersed with less survival capacity. Comrade Jiang Zemin has said that township enterprises are the major players among China's medium and small enterprises, with the role of township enterprises actually being that of medium and small enterprises. At present, the emphasis on and study by the domestic economic theoretical world and management sector of medium and small enterprises, particularly township enterprises, is far behind medium and small enterprise development. So improving study of, legislation for, and management of medium and small enterprises as quickly as possible is essential to ensuring that medium and small enterprises, particularly township enterprises, can overcome their short life-cycles as soon as possible.

5. Township enterprises need to conscientiously submit to state macroeconomic guidance, actively developing new production fields in line with industrial policy, adjust their irrational industrial structure and product mix, and improve their management level and overall enterprise quality, to adapt to the demands of domestic and overseas market change. In developing township enterprises, we need to "have a hot economy with cool heads," working vigorously but not blindly, and acting quickly but not rashly, focusing on speed with efficiency. For all new industries and projects, we need to conduct investigations and demonstrations to avoid unchecked and duplicate construction. We need to conscientiously avoid the "four-pat" project-establishment method of officials "patting heads to start projects, patting chests as guarantees, patting shoulders to solicit loans, and patting the egos of officials from other places," to stop or reduce projects that involve "buying mud to make bricks" or

"raising fish in rainwater mudpuddles." As all areas have widely differing conditions in areas such as natural resources, transportation conditions, economic levels, and personnel quality, we need to suit measures to local and "one's own" conditions, enabling the wheels of agriculture, industry, commerce, construction, transportation, and service all to turn together, so that whichever can develop and develops fastest will be developed. In short, our decision-making and management priorities should be grounded in selecting the right projects, emphasizing information, creating our own hot-selling products and leading enterprises, and taking the path of pioneering both brand-name products and enterprises.

2. We Need To Carry Out State Credit Policy To Increase Township Enterprise Input

Funding shortages are the greatest obstacle to township enterprise development. Township enterprise loans make up only about 5 percent of national gross lending, which is very out of line with their status in and contribution to our national economy. Meanwhile, a few places and enterprises have not acted in line with their capacities, exacerbating the funding shortage. In 1992, the state first granted township enterprises in central and western China special loans worth 5 billion yuan, adding 5 billion yuan a year to this since 1993. But while this should be noted as a major state action in support of the development of township enterprises in central and western China, the problem is in the actual delivery of these loans. If all of these loans are converted to commercial loans, they will not have much supportive impact on township enterprise development in central and western China. As most of the start-up funds of medium and small enterprises, particularly new township enterprises, are dependent on bank loans, liability operations have become a widespread phenomenon among medium and small enterprises (township enterprises). As private enterprises expand rapidly, with intensified taxation and banking reform, the operating climate has tended to equalize, making fund raising by medium and small enterprises ever more difficult. The individual borrowing ratio is rising steadily, with ever higher interest rates, posing a threat to the development of medium and small enterprises. In March 1994, it was noted at a central rural work conference that: "In central and western China and minority nationality regions, we need to suit measures to local conditions, bring local resource and labor advantages into full play, and explore effective ways to develop township enterprises in central and western China. The extra loans that the State Council has decided to grant for township enterprise development in central and western China and minority nationality regions need to be ensured as to both scale and funding." Meanwhile, the state needs to practice graded guidance and differential treatment for loans to eastern and central and western China. For loans to township enterprises in central and western China, we need to separate policy from commercial credit business, establish a policy financial institution aimed at poverty

relief, draw up administrative and legal oversight measures to keep loans from flowing, in forms such as call-market borrowing and lending, to richer regions with higher fund efficiency, and tighten credit management, to promote self-development capacities. 1) We need to act in line with state industrial and credit policies, actively support development of enterprises founded on local resources with good economic efficiency and growth prospects, and use "inventory adjustment and both guarantees and pressure" to achieve good fund circulation. 2) The banking sector needs to take part in enterprise management, tighten oversight of enterprise fund operations, and spur enterprises to tighten fund management, lower fund holdings, and raise fund efficiency.

3. We Need To Speed Up Legislation To Ensure According to Law the Sustained and Sound Development of Township Enterprises

The "Resolution" of the Third Plenary Session of the 14th CPC Central Committee notes that "reform policymaking needs to be closely combined with legislative policymaking.... using the law to guide, promote, and ensure reform success." As our market economy develops, the capacity of administrative means to regulate and control economic activity is weakening. So it will be only taking the high road to develop a market economy, reinforcing our legal establishment, that will form national oversight and restraint forces, to ensure the orderly and sound development and operation of a market economy.

For township enterprise development to reach new heights, it will have to be synchronized with our legal establishment, with the two complementing each other, and the lack of either not working. A market economy is not an anarchic free economy, rather it requires state macroeconomic management, regulation, and control in accordance with law. For township enterprise development to depend solely on "deregulation," "policy," and weakening of administrative control will still be very inadequate, with it being more important to reinforce our legislative establishment to develop and establish market economy relations and order. Through the legally designated functions of standardization, mandates, uniformity, openness, and stability, we can bring our guidance, regulation and control, standardization, and guarantee functions into full play in market economy development and operation.

The formulation of a "Township Enterprise Law" is an objective need for township enterprise development, necessary to build a socialist market economy, and required to safeguard the legitimate rights and interests of township enterprises and the vital interests of the vast numbers of peasants. We need to draw up a "Township Enterprise Law" as quickly as possible, fixing in legal form the principles and policies of CPC and state support for and guidance of township enterprise development, to ensure and promote their rapid and sound

development. In the course of promoting a shareholding cooperation system (shareholding system) and building a modern enterprise system, existing township enterprise problems, such as unclear enterprise ownership, unclear credit-liability relations, and the lack of the climate and terms for fair competition in overseas economic activities, are all awaiting protection by a township enterprise law. So drawing up and implementing a "Township Enterprise Law" is not only necessary, but also extremely essential. This will resolve the concern of township enterprise directors (managers) and entrepreneurs about having no law to follow in their economic actions, make them concerned rather with observing laws that do exist and legalize macroeconomic management, with the government providing macroeconomic guidance, management, oversight, coordination, and service to township enterprises, not direct management, using mainly laws, rules, regulations, and policy means of regulation and control, to better consolidate and improve our township enterprise policy legal system, and gradually putting it onto a legal track. Through cooperation with concerned sectors, we can establish township enterprise legal, accounting, and auditing firms and technology and policy advisory agencies, set up a financial support system for exclusive service to township enterprises, and speed up the development of production-factor markets and a system of intermediary services, such as accounting, auditing, legal, and information advice.

State Asset Reappraisal To Begin Nationwide

OW2501041295 Beijing XINHUA Domestic Service in Chinese 0920 GMT 11 Jan 95

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 11 Jan (XINHUA)—At a work meeting of directors of central departments' asset reappraisal offices which opened in Beijing today, it was pointed out that asset reappraisals will be carried out nationwide this year in state enterprises and units which have not been reappraised. In addition, land valuation and other tasks will be carried out to supplement the data on state enterprises and units which have been reappraised. Meanwhile, work will be carried out to check and encode the number of enterprises, as well as reappraise enterprises and organizations outside the country.

At the meeting, Zhang Youcai, vice minister of finance and director of the national administration of state property, arranged plans for nationwide asset reappraisal this year. The meeting pointed out that it is necessary to fully accomplish asset reappraisal throughout the country during the "Eighth Five-Year Plan" through careful planning and practical work.

It is understood that the primary task of this year's asset reappraisal is to determine clearly the number of enterprises and units as well as find out about various kinds of state enterprises inside and outside the country. Further, on the basis of technical standards stipulated by relevant

state departments, a unified coding system will be drawn up for all state enterprises and units inside and outside the country. The scope of enterprises to be checked includes: various categories of state enterprises and units of localities and departments; various incorporated economic entities established by administrative units of various levels; as well as subsidiary enterprises invested in and established by state enterprises and units. Examination of the number of enterprises and units already reappraised from 1992 to 1994 will also be carried out. Meanwhile, screenings of the number of enterprises and organizations outside the country will be concurrently carried out. The number of enterprises will be examined, from the upper to lower levels, in accordance with the relations between enterprises, while reports will be collected from the lower to upper levels. Asset reappraisal organizations of various departments shall be responsible for specific implementation of the work.

Regarding land valuation in the course of asset reappraisal, the meeting pointed out that establishing a standard land pricing system for state enterprises through asset reappraisal is an important task in strengthening the management of state assets. Comprehensive checks and valuation of land and strengthening the corresponding management task is of vital significance to promoting reform and opening up, transforming enterprise operating mechanisms, and promoting national economic development. The main scope of land valuation in the course of asset reappraisal includes land used by state enterprises and units as well as the state land used by the nation's joint venture and shareholding enterprises, established by capitalizing the value of land-use rights as their shares.

Regarding the verification of funds in the course of asset reappraisal, the meeting held that it is necessary to accurately verify inventories of surplus assets, property loss, and debts of enterprises and units. Further, it is necessary to earnestly and strictly verify the outcome of the determination of property rights, as well as that of asset revaluation and land valuation. In the process of specific examinations, it is necessary to handle various problems of enterprises and units strictly in accordance with state policy on asset reappraisal, as well as a current financial and accounting system to prevent the "legal" loss of state assets. This is to ensure that asset reappraisal work can withstand the test of history.

This meeting also made unified planning for reappraising assets of enterprises and organizations outside the country, analysis of statistics on asset reappraisals, implementation of relevant policies, and identification and reappraisal of property rights.

Authorities To Monopolize Primary Land Market

HK2401130895 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1028 GMT 5 Jan 95

[FBIS Translated Text] Hong Kong 5 Jan (ZHONGGUO TONGXUN SHE)—To implement the "Methods

of Administration Over Urban Real Estate," effective on 1 January 1995, Director Zou Yuchuan of the State Land Administration Bureau, stressed not long ago: In 1995, it is imperative to adhere to unified administration of state land, and of land in urban and rural areas. The government should highly monopolize the primary market for urban land.

The Hong Kong journal CHING CHI TAO PAO quoted Zou Yuchuan, as saying that in expanding the scope for transfers of land use rights, it is necessary to standardize the land market at the same time. Regarding the method for land transfers, it is imperative to abide strictly by the laws and regulations in approving slated [hua xian 0539 4848] land, whereas in all other cases, compensation for land use will be implemented without exception.

In addition, Zou Yuchuan stressed the need for augmenting the law enforcement functions of land administrative departments, as well as supervision and examination work. Land administrative departments at various levels are administrative departments for law enforcement with regard to land. They should investigate and handle cases of violations of the "Methods for Administration of Urban Real Estate," as well as behavior that involves law enforcement in land matters according to the law.

Rules on Shareholding Companies' Land Rights

HK2401150795 Beijing ZHONGGUO XINWEN SHE
in English 1431 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (CNS)—The State Land Administration and the State Commission for Restructuring the Economy of China recently jointly promulgated the provisional regulations on administration over land use rights of shareholding companies.

According to the Regulations, to rate a piece of land, one must first register the rights of land use according to law and obtain the certificate for use of state-owned land. Change of registered land use must be assessed. Listed companies must choose rating organizations qualified with A grade to rate land. The rating organizations entrusted by clients should sign an agreement with bearers of the rights of land use for being entrusted to rate land. The rating result should be submitted to the land administration for confirmation.

The Regulations stipulate that plan of change of registered land use should be made by bearers of the rights of land use and who should also report to land administrations for approval. Enterprises may obtain the rights of land use through the way of land sale; the state should regularly collect rents from those companies which obtain the rights of land use through the way of lease. The rights of land use which is converted into shares by the state should be rated. The transfer of the rights of land use should be registered in land administrations as well.

General Inspection Reveals Statistical Irregularities

OW2401053895 Beijing XINHUA Domestic Service in Chinese 0513 GMT 17 Jan 95

[By reporters Zhang Chuanxuan (1728 0278 1357) and Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 17 Jan (XINHUA)—According to information gathered by these reporters from the Office in Charge of the Nationwide General Inspection of Progress in Enforcing the Auditing Law, the six-month long, nationwide general inspection of progress in enforcing the Auditing Law has brought to light a number of illegal acts involving statistics; and it has initially ascertained the truth regarding key statistics.

The general inspection, jointly organized by the State Statistical Bureau, Supervision Ministry, and State Council's Legislative Affairs Bureau, has uncovered more than 70,000 illegal statistical acts, of which 8,000 have been placed on file for investigation. Of the persons found to be at fault, 0.4 percent have been given disciplinary action, 54.1 percent have been criticized in circulars issued in this respect, 35.6 percent have been fined, and 9.9 percent have been given other penalties.

An analysis of the inspection's findings reveals the following three notable examples of illegal statistical acts that have been brought to light:

1. The problems of failing to follow the principle of seeking truth from facts, filing false statistical reports, and concealing statistics, are rather serious. Of the more than 70,000 illegal statistical acts brought to light, 20,100 involve false statistics, statistics hidden from the authorities, and concocted and altered statistics. This represents 27.3 percent of the total. At present, the problem of filing false statistical reports on the output value of village and town enterprises is quite glaring in some areas, and the same is true with the problem of not reporting births. The root cause is erroneous thinking and profit motivation that drive the leaders of some localities, departments, and units to abuse statistics for personal gain. Impatient for success in expediting economic development, some localities blindly issue many grand slogans and draw up some unrealistic plans. Together with the objective-based management responsibility system, these plans, which are expanded at each succeeding level, are adopted as the main criteria for evaluating, awarding, punishing, and promoting cadres, thus giving rise to the unsound mechanism by which "officials are promoted on the basis of statistics and statistics are raised by officials."

2. The phenomena of not performing statistical obligations in accordance with the law, and of belatedly filing statistical reports or refusing to file such reports are very glaring. The general inspection has found 32,500 illegal acts of refusing to file statistical reports or repeatedly filing belated reports. This represents 44.1 percent of the total. The problem is more glaring in partly or wholly

foreign-owned enterprises, private enterprises, and village and town enterprises. A few state-owned enterprises, or even administrative departments, have refused to file statistical reports or have repeatedly filed belated reports under various excuses, and this has seriously affected the accuracy and timeliness of statistics.

3. The practices of not enforcing orders, willfully abolishing or merging statistical organs, and cutting statistical manpower have persisted despite repeated attempts to ban them. These have caused adverse consequences in a few areas, such as the disruption of statistical channels and the gross misrepresentation of statistics.

It is reported that the general inspection has yielded other achievements: Launching a society-wide publicity and educational drive aimed at disseminating legal knowledge about statistics; making people in all circles more aware of the legal implications of statistics; further ascertaining glaring problems that render current statistical work incompatible with socialist market economic development; and providing an important basis for reforming and carrying out statistical work. Furthermore, it also has comprehensively examined the main problems with the "Statistical Law" currently in force, thus laying a rather solid foundation for amending the law further.

Shanghai Reaches Over 14% Economic Growth in 3 Years

HK2401151695 Beijing ZHONGGUO XINWEN SHE
in English 1432 GMT 24 Jan 95

[FBIS Transcribed Text] Shanghai, January 24 (CNS)—The latest statistics shows that in 1994, the Gross National Product (GNP) of Shanghai was RMB [Renminbi] 196.665 billion, increasing by 14.3 percent compared with the year before. The economic development in this city were rapid and healthy in the past three years.

Sun Zuyao, Director of the municipal Statistical Bureau, said at a news briefing today that the high rise of market price, the heavy burden on the state-owned enterprises and the difficulties in running of these enterprises are still the main problems to the economic development in Shanghai.

By adopting a strategy of placing the tertiary industry first, the secondary industry second and the primary industry third, Shanghai has made sound adjustments in adjustment of the industrial structure in the city. The proportion of output value of the primary and secondary industries to the city's gross domestic product (GDP) decreased slightly while that of the tertiary industry increased by 1.7 percent compared with the year before. The newly rising pillar industries are developing at a large scale. The proportion of the six major industries including automobiles, telecommunication equipment, electricity station equipment, fine petro-chemicals, iron and steel industry and household electrical appliances to the city's total industrial output value has accounted for

44 percent. The tertiary industry has become a driving force for the economic growth in the city. In 1994, Shanghai speeded up establishment of its market mechanism. A more reasonable market mechanism with the state-level markets as the lead, the regional market as the backbone and the local market as the base has been preliminarily formed. There was abundant supply of consumer goods; the market situation was steady and prosperous. The financial situation was also good.

In respect of foreign trade, the total value of imports and exports in the whole year was US\$ 36.2 billion, increasing by 17.2 percent compared with the year before. Foreign businessmen signed contracts, with the city, on investment in 3,802 projects, attracting foreign capital of over US\$ 10 billion. Foreign investment was further expanded to fields of basic industries, finance and housing for domestic buyers.

Development of the Pudong New Area has entered a new stage with sound achievements made in this sector. According to an estimation, in 1994, the GNP of the Area was RMB 29.1 billion, increasing by 28.6 percent compared with the year before. The tertiary industry grew by 42.8 percent compared with the year before. Infrastructural facilities in the Area as well as the Lujiazui Financial and Trade Zone, the Waigaoqiao Bonded Area, the Jinqiao Export Processing Zone and the Zhangjiang Hi-Tech Garden are all under busy construction and development.

The city has made great achievements in its municipal construction with improving its urban transport condition as its main task. The 48 kilometre viaduct section of the inner ring road was opened to traffic. The No.1 line of the underground railway project is close to go into operation. The viaduct section of the Chengdu road was basically completed.

According to the news briefing, consumer price index increased by 23.9 percent last year, resulting in some difficulties to livelihood of some residents there. One-third of the state-owned and collectively-run enterprises in the city were operating at a loss. Furthermore, the traffic jam problem and residents' housing difficulty have not been basically solved.

CAAC Head Reads Jiang, Li Peng's Instructions

OW2301172395 Beijing XINHUA in English 1627
GMT 23 Jan 95

[FBIS Transcribed Text] Beijing, January 23 (XINHUA)—A national conference on civil aviation work opened here today.

Chen Guangyi, head of the Civil Aviation Administration of China (CAAC), made a speech at today's meeting and passed along instructions from President Jiang Zemin and Premier Li Peng.

In his instructions, Jiang said that the work of civil aviation has a great bearing on the nation's reforms,

opening up, and modernization drive, on safety, the lives and property of the people, and on the country's image.

Jiang urged civil aviation workers to continue to stick to the principles of "safety first, flight normal, and quality service" and the working styles of unity, realistic spirit, blazing new trails, and being honest in performing duties.

Speaking of civil aviation work, Li Peng also stressed the importance of carrying out the principles in order to provide better service for domestic and overseas passengers and to promote the country's economic construction.

Chen outlined the general task of this year's civil aviation: total cargo handling capacity to reach 6.6 billion tons/km; the number of passengers to top 46.5 million; and air mail volume of 950,000 tons, all of these increasing by 13 percent, 15.5 percent and 15.9 percent, respectively, over last year.

Civil Aviation Administration To Buy 22 Jetliners

OW2301150995 Beijing XINHUA in English 1440 GMT 23 Jan 95

[FBIS Transcribed Text] Beijing, January 23 (XINHUA)—In 1995 China plans to buy 22 jetliners to reinforce its civil aviation fleet.

Chen Guangyi, Minister of Civil Aviation Administration of China (CAAC), said at a national civil aviation conference opening here today that more planes will be put on busy air routes this year, and more attention will be paid to the business of branch routes in the domestic market.

He said that last year CAAC maintained fast development, carrying 40.27 million passengers, a 19 percent increase from the previous year, and air freight totalling 5.84 billion ton/km, a 14.1 percent increase. It also transported 820,000 tons of cargo and postal materials, which were up 18.3 percent.

He said that last year CAAC opened 55 new domestic and international air routes, while adding 50 jetliners to its air fleet, realizing a profit of 1.5 billion yuan in the process, nearly doubling the figure predicted at the beginning of the year. In addition, CAAC handed in taxes of 3.43 billion yuan to the central government.

Last year CAAC invested 5.173 billion yuan in capital construction and technological refurbishing projects, up 48.6 percent from the previous year, with six new airports having been built and 12 expanded.

Chen said that this year CAAC plans on having a total air freight turnover of 6.6 billion ton/km, carrying 46.5 million passengers, and 950,000 tons of cargo and postal materials. CAAC will try to realize a business income of 46.9 billion yuan, with profits of 1.65 billion.

More Nuclear Power Stations To Be Built

HK2401133195 Beijing ZHONGGUO XINWEN SHE in English 1144 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (CNS)—China has decided to build a number of nuclear power stations, of which at least three are now under planning.

Sources from the Nuclear Industry Corporation said that the nuclear power stations included the No. 2 Daya Bay nuclear power station, the Liaoning nuclear power station and a Sino-Canadian joint ventured nuclear power station with the type of heavy water reactor.

The nuclear power stations will go into operation early next century when nuclear power industry will see greater development in China.

With success in construction of nuclear power stations including those of Qinshan and Daya Bay, economic results and safety of nuclear power have been widely acclaimed. Many provinces have already made proposals for construction of nuclear power stations. Some internationally renowned companies value highly the nuclear power industry in China and hope to do some business in this sector.

The Qinshan nuclear power station which went into operation in 1991 and the Daya Bay nuclear power station in 1992 have both achieved good economic results.

Oil Industry To Increase Economic Efficiency

OW2501035595 Beijing XINHUA Domestic Service in Chinese 1026 GMT 11 Jan 95

[By RENMIN RIBAO reporter Wang Qingxian (3769 3237 2009) and XINHUA reporter Zhang Chaowen (1728 6389 2429)]

[FBIS Translated Text] Beijing, 11 Jan (XINHUA)—Constantly rising output had once characterized the booming development of China's petroleum industry. However, the nation's petroleum bureau directors now share the same view that from now on China's petroleum industry has entered a new development stage of stressing economic efficiency.

The national land-based petroleum working conference opened in Beijing on 10 January. Petroleum experts from the nation's big oil fields noted that following several decades' of rapid development, China's annual crude oil output has reached over 140 million tonnes, thus placing China as the world's fifth largest oil-producing country several years in a row; and China's oil output has entered a relatively stable period. The long-time pursuit of output quotas under a planned economy has rendered the organizational structure of China's oil enterprises irrational; their operational mechanism lacks flexibility; their management is lax; their efficiency is low; they are loaded with heavy burdens; and they have not quite adapted to the development of a market

economy. As the international market will face a situation wherein supply outstrips demand for some time to come, therefore, China's petroleum industry must work out a new line of thinking for development; aim for economic efficiency; develop oil and gas production as the main body of operation; persist in the policy of reform and opening up; rely on scientific and technological progress; rely on scientific management; and devise new methods that will not only help produce good economic efficiency but also bring about fast development.

It has been learned that the China National Petroleum Corporation has made a decision on calling on the nation's land-based petroleum enterprises to make economic efficiency as the major goal for enterprise development; it also called on oil and natural gas fields to make oil and gas production the main line of operation and practice multiple development and open operations by gearing to the domestic and foreign markets.

Representing the China National Petroleum Corporation at the meeting, Wang Tao proposed that by the year 1997, all land-based petroleum enterprises wipe out operational losses; that the Daqing Oilfield's overall economic efficiency be at the forefront of all the nation's industrial enterprises; that the overall economic efficiency of some petroleum enterprises reach the advanced level of the nation's industrial enterprises; that by the year 2000, the sales volume of China National Petroleum Corporation, as well as the per capita annual output amount of oil and natural gas by oil industrial personnel, will double that of 1993; that crude oil output will continue to enjoy steady growth and that China will continue to rank among the world's top five oil producing countries; that natural gas production output will reach a new level; that major operational targets, including the value of total assets, sales revenues, and profits will enter the rank of world's top ten oil companies.

Beijing Controls Price Hikes Through Legislation

HK2401150095 Beijing ZHONGGUO XINWEN SHE
in Chinese 1132 GMT 12 Jan 95

[By reporter Liu Feng (0491 0023)]

[FBIS Translated Text] Beijing, 12 Jan (ZHONGGUO XINWEN SHE)—This year, Beijing Municipality will adopt several sets of local regulations to control the continuing price hikes.

Li Jiali, director of the municipal government's price administration, told municipal people's deputies that a series of price control measures had already been adopted.

Li Jiali said: These measures were adopted to tackle the excessive price hikes in Beijing last year. In 1994, two rounds of price fluctuations appeared in Beijing, and the prices of grain, cooking oil, eggs, and meat increased by over 30 percent.

The director said: This year, Beijing will strengthen price control legislation. If the National People's Congress adopts the PRC Price Law, Beijing will formulate its own concrete rules for enforcing the law as soon as possible. The laws and regulations will clearly specify the legal status of price-fixing bodies, regularize the price behavior of enterprises, and establish procedures for government action in the field of price control. She said: Beijing is formulating the detailed rules for implementation of the Interim Rules on Price Control in Urban Real Estate Transactions in order to intensify control and give more effective guidance to the property prices, and gradually will set up the property price management system. Li Jiali said: The municipal price administration has submitted the revised Regulations on Price Supervision and Inspection in Beijing to the standing committee of the municipal people's congress for approval in order to make price supervision and inspection more intensive and effective.

Li Jiali said: Last year, the retail price index in Beijing increased by 17.9 percent, and ranked 27th among 35 large cities in the country. She expected that the rate of price increase would go down somewhat in 1995, but because many factors driving prices up remain, the effects of last year's price hikes will still add 4.6 percentage points to this year's rate.

The price control measures adopted by Beijing include: Expanding the area of farmland sown to vegetables in order to increase effective supplies, strictly controlling price adjustment items, intensifying market monitoring, reducing administrative and management charges, and intensifying price inspections across the board. At the same time, the authorities will more strictly carry out the Beijing Municipality Rules Banning Illegal Profiteering Activities.

Mainland Takes Measures To Curb Commodity Prices

HK2501105695 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0946 GMT 23 Jan 95

["Special article" by reporter Szu Liang (1835 5328)]

[FBIS Translated Text] Hong Kong, 23 Jan (ZHONGGUO TONGXUN SHE)—With the Lunar New Year approaching, market prices before the festival have become the focus of attention and the most heated public topic on the mainland. As a matter of fact, since New Year's Day, which has just passed, the central government and local governments at all levels have successively adopted administrative and economic measures which are primarily aimed at ensuring market supplies, holding down commodity prices, curbing inflation, and stabilizing public feelings.

Domestic and foreign economic experts are universally of the opinion that the high inflation which plagued the mainland economy for two years, reached its peak last year and will hopefully fall beginning March this year.

According to the projection by the State Information Center, prices will keep rising in January and February and will not slow down until the nationwide measures to control prices come into effect. This is because demand in urban and rural markets will further increase during the Spring Festival so that the tasks of stabilizing the prices of grain, edible oil, and nonstaple food during the first quarter will meet with difficulties.

As disclosed by the relevant people from the Department of Consumer Market and Commodity Prices under the State Planning Commission, in order to guarantee the basic stability in commodity prices which have a bearing on the people's essential living requirements, market rectification will be gradually conducted in the circulation areas this year, with emphasis put on six categories of commodities comprising grain, edible oil, meat, vegetables, cotton, and chemical fertilizer. In this connection, among the three sets of laws and regulations relating to commodity prices, the "Regulations on Marking Prices According to Their Value" was promulgated last year, the "Regulations on National Campaigns Against Exorbitant Profits" will be introduced and put into effect very soon, and the "Law on Prices" will be submitted to the National People's Congress for discussion in March and enforced as soon as it is adopted.

Since the beginning of the New Year, the three municipalities of Beijing, Shanghai, and Tianjin and provinces including Jiangsu, Sichuan, Shandong, Hebei, and Liaoning have put forward a series of regulatory and controlling measures to moderately control and intervene in commodity prices. It is anticipated that they will play a positive role in checking prices and activating markets. Guangdong officials including the vice governor, the party secretary and mayor of Guangzhou, and others personally led a group inspecting major markets in Guangzhou a few days ago, pledging that they would do all they could to ensure market supplies and curb prices. At present, a system of reserving essential products including grain, edible oil, meat, sugar, and so on has been instituted in Guangdong at the provincial, city, and county levels, and their funds for price adjustments and grain ventures have reached 1.1 billion and 250 million yuan respectively. After a recent specific study, the Fujian authorities also instituted a target responsibility system for price control by governments at all levels, under which governors must be responsible for "rice bags" and mayors for "shopping baskets." Measures have been worked out to put this system into practice in a stringent way. In addition, local regulations against seeking exorbitant profits and against swindling through unreasonable prices will also be formulated. The price indexes in Shaanxi and Shanxi were higher than the national average and officials from these two provinces said they would continue to take measures to intensify the inspection and management of the markets. In Xian City, nearly 1,000 members of city and county committees of the Chinese People's Political Consultative Conference took to the streets to conduct surveys, overtly

and covertly, in an effort to coordinate with the government in stabilizing market prices during the Spring Festival. Recently, Shanxi Province decided to increase agricultural investment this year and to focus its work on implementing the policy of holding mayors and county chiefs responsible for the "rice bags" and "shopping baskets" respectively. Besides, the province decided not to introduce measures for raising prices, at least in the first half of this year.

The average inflation rate in the mainland exceeded 21 percent last year, which was the largest margin of increase since the founding of the republic in 1949, and the price increases for grain and edible oil were very important factors. In view of the fact that the prices of foodstuffs such as grain, edible oil, meat, eggs, and so on were driven up in the course of wholesaling and retailing, some provincial and city authorities, with the approval of the central authorities, have banned some private or community-run grain shops and practiced a ration system for grain and edible oil in turn since the second half of last year, so that residents were able to buy grain and oil with coupons at preferential prices. By so doing, the low-income strata, and staff and workers in dire financial difficulties, were secure about their basic grain requirements and the soaring grain and oil prices were checked accordingly. Now, the ration system has been restored in some provinces and municipalities including Shanghai, Hangzhou, Jinan, Chongqing, and Hubei, which has been well received by ordinary low-income residents. According to mainland public opinion, this specific measure, adopted in a specific period, is conducive to stabilizing the lives of the vast number of low-income strata who have been directly affected by the soaring grain and oil prices and is instrumental in social stability. However, some people pointed out that as the issuing of coupons was purely instigated by price factors and not by material shortages, it is only acceptable as an expedient rather than a long-term measure. The key to curbing grain and oil prices lies in expanding agricultural investment, increasing material supply, intensifying market inspection and management, and accelerating the implementation of macroeconomic regulation and control.

Beijing Spends \$628 Million on Food Subsidies

HK2501061695 *Beijing CHINA DAILY in English* 25 Jan 95 p 7

[By Lu Hongyong: "Beijing Spends \$628m To Curb Food Price Hikes"]

[FBIS Transcribed Text] The Beijing municipal government spent 5.3 billion yuan (\$628 million) on financial subsidies to curb staple food price hikes last year.

The city, with a combined urban and suburban population of 12 million, has to go outside to buy more than 90 percent of its grain, more than 50 per cent of its meat, milk and eggs, and 48 percent of its vegetables.

"Staple food price hikes accounted for 54 percent of inflationary pressure in Beijing last year," said Beijing Vice-Mayor Wang Baosen.

He made the report to municipal financial authorities who met on Monday to compare notes from last year and discuss plans for 1995.

The rise in the retail price index was 17.9 per cent in Beijing last year, three percentage points lower than the national average.

Keeping it at that level cost the municipal government 1 billion yuan (\$118 million) more in financial subsidies than previous year, he said.

Cash supply in the city increased after the abolition of foreign exchange certificates (FECs).

Regional banks in Beijing put more than 3 billion yuan (\$355 million) of cash into circulation to replace the FECs.

More than 90 percent of agricultural goods for the city were purchased outside Beijing and 95 percent of the transactions were done with cash, increasing the need for banknotes.

As a result, the city's banks for the first time failed to recall cash last year. Instead they put 3.81 billion yuan (\$451 million) into circulation.

The municipal government expects to achieve 10 per cent growth in gross domestic product this year and to contain the retail price index increase at 13 per cent, Wang said.

This requires a credit supply of 25 billion yuan (\$3 billion), up 20.2 percent from last year, said Lu Xueyong, head of the People's Bank of China Beijing Branch.

The city's banks will require an additional 45 billion yuan (\$5.3 billion) in deposits, of which 20 billion (\$2.4 billion) will likely come from individual savings, he said.

Bad loans impaired credit efficiency and the banks are urged to help enterprises repay 5 billion yuan (\$592.4 million) of bad loans by disposing of inventory.

In a survey by the Industrial and Commercial Bank of China Beijing Branch, 550 respondent enterprises reported total inventory worth 6.47 billion yuan (\$766.5 million).

Number of Workers Living in Poverty Up in '94

HK2401132995 Beijing ZHONGGUO XINWEN SHE in English 1214 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (CNS)—The number of workers living in difficulties increased to eight percent last year, up from five percent of the previous year.

A rise in number of workers living in poverty was mainly attributed to a halt to production, a semi-halt to production or serious loss made involving a considerable number of state-owned enterprises and those of collective ownership. Workers for these enterprises either had their pay or pension stopped or cut which in turn severed or slashed their financial sources for living expenses.

Some appeal was made that the state should set up a rather complete social relief system to give the needy protection for their basic life while at the same time creating a sound environment for the market economy.

Proposals put forward by some sources from relevant sectors held that basic life of poor workers had to be totally protected. Social relief has to be put under a legal system and made part of the social system. Relief offered by particular enterprises or other business entities has to be developed gradually into social relief. Legislation of social relief should be sped up so as to cover the entire society with the upgrading of relief level.

Finance & Banking

Zhu Rongji 'Criticizes' Government Bond Speculation

HK2401154695 Hong Kong MING PAO in Chinese 24 Jan 95 p B2

[By special correspondent Li Desheng (2621 1795 0524): "Zhu Rongji Criticizes Institutional Investors for Speculating in Government Bond Futures"]

[FBIS Translated Text] Chinese Vice Premier Zhu Rongji recently fiercely criticized the trend of speculation in the government bond futures market in the mainland, and pointed out that rampant speculation was being led by a number of huge interest groups. The departments concerned are formulating a series of policies to reduce speculative elements in the government bond futures market.

According to reliable sources, Zhu Rongji fiercely criticized the speculation trend in the domestic government bond futures market when speaking at a recent national financial work conference. He pointed out: The total value of government bonds in China amounts to only some 10 billion yuan, but the daily turnover of government bond futures transactions on the Shanghai Securities Exchange has amounted to somewhere between 40 and 50 billion yuan. Speculation there is getting more and more rampant.

Zhu Rongji pointed out: The root cause of government bond futures speculation is the ups and downs of the value-guarantee subsidy rate published every month by the authorities concerned. He emphatically pointed out: Behind the speculation in the government bond futures market, various interest groups took the funds of the

state, the local governments, and the enterprises to seek profits. He said: Such speculation will only cause losses to state funds.

Zhu Rongji's fierce criticism of the speculation in the government bond futures market reportedly reflected his constant opinion on the futures market. On the other hand, the department concerned submitted a report about the government bond futures market to Zhu, enumerating the facts about the participation of institutional investors in various localities in such speculation.

The departments concerned, including the Securities Supervision and Management Committee, reportedly are formulating a series of policies to reduce the speculative elements in the government bond futures market.

According to people in China's securities industry, the government bond futures market began to get more and more active from the middle of last year, and the main speculators included various central and local institutional investors, such as the China Economic Development Corporation under the Ministry of Finance, the Trust and Investment Corporation under the headquarters of the People's Construction Bank of China, Shanghai Financial, Shanghai, Wanguo, and Shenyin.

They said: The active speculation in the government bond futures market not only affected China's stock market, but also attracted huge amounts of funds, and began to affect China's economy as a whole.

More Government Bonds To Be Issued in 1995

HK2501105395 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1237 GMT 12 Jan 95

[FBIS Translated Text] Beijing, 12 Jan (ZHONGGUO TONGXUN SHE)—According to an authoritative source of the Chinese Government, the total value of government bonds to be issued this year has been decided, and will be 102 billion yuan more than that last year.

The source said: The bulk of the new bonds will be subscribed by four large banks, and the remaining part will be subscribed by securities exchanges, transaction centers, the securities trading system, securities companies, and individuals.

The bonds will be distributed in three batches. They are trying to issue the first batch in January, and then to issue the second and third batches in April and July.

According to the source, the new bonds certainly will be distributed through the market this year. The characteristics of market distribution will be fully shown in the relevant policies, regulations, and management system, and new methods will be created boldly. This will be totally different from the previous administrative means of bond distribution.

The source also stressed that the departments concerned will adopt measures to regularize the government bond

market as a whole, and the Government Bond Law and the Rules on the Management of Government Bond Futures Transactions are being formulated.

Official: Tax Policy for Foreign Firms 'Unchanged'

HK2401140795 Hong Kong CHING CHI TAO PAO in Chinese 9 Jan 95 p 25

[From the "China Economic News" column: "Tax Policies for Foreign Enterprises Remain Unchanged"]

[FBIS Translated Text] An official in charge of the State Taxation Bureau clearly pointed out the other day that China's policies for attracting foreign investment will remain unchanged. They include: The method of enterprises with increased circulation taxes paying the excess will remain unchanged, while enterprises with reduced circulation taxes will follow the new tax system. The policy will remain unchanged for the goods produced for direct exports, except for those listed in the taxation law, which will be exempted from the consumption tax and value-added tax in the last sales link. Of the existing preferential policies, in addition to keeping the income tax unchanged, tax exemption for the machines and equipment imported by foreign enterprises within their investment quotas, and tax exemption for the raw materials imported for producing export goods, will remain unchanged.

Bank Official Views Results of Financial Reform

HK2401150695 Beijing ZHONGGUO XINWEN SHE in Chinese 1113 GMT 12 Jan 95

[By reporters Yan Xiaohong (7027 2556 5725) and Huang Shaohua (7806 1421 5478)]

[FBIS Translated Text] Beijing, 12 Jan (ZHONGGUO XINWEN SHE)—Today, at the Second Cross-Strait Seminar on the Securities and Futures Legal System, Chen Yuan, vice chairman of the Chinese Association of Securities Industry, said that in 1995, the reform of China's financial system will be focused on improving the means of macro-control and the operational mechanisms of various financial institutions through the implementation of all the banking and financial laws and regulations. The state treasury bond market will be the main part of the securities market.

Chen Yuan said: The People's Bank of China will further improve the asset-liability ratio management and risk management in all relevant financial institutions, promote open market operations, and increase the proportion of indirect regulation and control. In the aspect of foreign exchange management, it will create conditions for including foreign-funded enterprises in the exchange settlement system.

He revealed that the People's Bank of China soon will promulgate the Regulations on the Management of

Urban Cooperative Banks, and will revise the Regulations on the Management of Urban Credit Cooperatives. This will accelerate the process of establishing urban cooperative banks.

At the same time, the People's Bank of China will accelerate the reform of the domestic insurance system by establishing the Chinese Life Insurance Company With Limited Liabilities and the State Re-insurance Company With Limited Liabilities.

Chen Yuan said: In 1993, the Chinese Government formulated the comprehensive reform program for the financial, banking, foreign exchange, foreign trade, and investment systems. On 1 January 1994, China made the official exchange rates converge with the market rates, and then successively put into practice the financial and monetary reform measures. Practice in the past year has shown that the reform measures were suited to the mainland's actual conditions, and that the costs of implementing such measures and the risks involved were much smaller than expected, while the reform measures basically achieved the expected positive results. This found expression in the following facts:

First, exchange rates were kept stable, and this effectively promoted the development of foreign trade, attracted more foreign investment to our country, and substantially increased the state's foreign exchange reserves.

Second, tax revenues increased, and this increased the central government's ability to conduct macroeconomic regulation and control.

Third, the People's Bank of China further improved the means of macro-control, and the monetary order gradually turned for the better.

Fourth, the reform of the investment structure achieved initial results and guaranteed the state's financial input to key construction projects. While the reforms were carried out smoothly, the economy of the mainland continued to grow in a stable fashion.

Fifth, the tightened-up monetary policy was carried out, the increase in investment was brought under control, and market management was strengthened.

Article Praises Economic Reform; Situation 'Good'

HK2501074395 Shenzhen SHENZHEN TEQU BAO in Chinese 10 Jan 95 p 10

[Article by Xiao Liang: "Market Economy Should Not Be Run in the Way Planned Economy Was"]

[FBIS Translated Text] In the one year and more following the Third Plenary Session of the 14th CPC Central Committee, which defined the socialist market economy as the objective of economic restructuring, reform has accelerated and the economic situation has been good as a whole. Economic rectification in the second half of 1993, especially sorting out problems

concerning the banking system, was absolutely necessary. I am of the opinion that it may be more advisable to take mild and fine-tuning measures to deal with economic problems. In practice I detect the strong presence of the planned economy. Some comrades are in fact running the market economy the way they ran the planned economy.

Introducing the joint-stock system into state enterprises is an important method for turning them into the micro basis of the socialist market economy. Otherwise, it will be difficult to separate the functions of government from those of enterprises or for state enterprises to play a dominant role in the market. However, to introduce the joint-stock system, we must develop securities markets, encourage share transactions, and allow certain companies to float their shares—though only a small number of companies are qualified to obtain listings. Again, share transactions must be fair and free of restrictions and the flow and transfer of shares must be allowed before a rational allocation of society's resources and dynamic enterprise restructuring become possible. Therefore, the stock market is a very important market. It is indispensable to the socialist market economy and is part and parcel of the entire market system.

Some comrade have said that the stock market serves as a big school in which the Chinese people can learn about the market economy. This is really a profound remark, because the development of stock markets and the extent to which stock markets have matured, especially share price fluctuations and their ramifications, usually gives expression to the level of the market economy and the overall economic situation, including the actual situation with the implementation of financial and monetary policies. In the meantime, the introduction of financial policies, interest rate adjustments, price fluctuations, especially supply-demand relations relating to shares, actions taken by the stock market management, and enterprises' performance will have certain impact on share prices. The stock market is a barometer which indicates changes in various market elements rather than being an isolated phenomenon.

However, the stock market is something new for many comrades. We have only limited knowledge about stock markets and about the laws governing their operation. Hence, various problems will crop up in the development of stock markets. What matters is that we must learn through practice with an open mind and should even "update our ideology" and concepts. It can hardly be regarded as normal to judge new things by old standards and to tackle economic problems indiscriminately or through executive fiat.

For a period, the stock markets in Shenzhen and Shanghai have been at a low tide. Share price have declined due to the state's tight money policy, which has almost exhausted capital resources. Such a phenomenon is both normal and abnormal. In my view, it is absolutely necessary to strictly control the money supply because

runaway inflation does nothing good for the country and the people. However, we should regard development as a must. We will also go nowhere if we do not encourage investment, introduce the joint-stock system into enterprises at a greater pace, and expand the capacity of the stock market. Therefore, the key to exercising macroeconomic control lies in appropriate regulation.

I am optimistic about reform because reform and opening up is irreversible, but I also sense that there are many problems in our economic activities. The market economy is being run the way the planned economy was, the diversified economy is being treated the way large and medium-sized state enterprises were in the 1950's, government departments keep interfering with enterprise operations, and some people, in fact, are trying to keep the existing power pattern unchanged although they say they favor changing government functions. Are such problems not worthy of our attention? Therefore, we have to enhance our consciousness in carrying out reform and promoting development.

Circular Bans Illegal Exchange Transactions

HK2501102195 Beijing ZHONGGUO ZHENGQUAN
BAO in Chinese 28 Dec 94 p 5

[Held by the China Securities Control Commission, the State Administration of Exchange Control, the State Administration of Industry and Commerce, the Ministry of Public Security on Ways to Implement the "Circular Concerning Sternly Prosecuting Illegal Forward Exchange and Foreign Exchange Down Payment Transactions"]

[FBIS Translated Text] On 7 December, the China Securities Control Commission, the State Administration of Exchange Control, the PRC State Administration of Industry and Commerce, and the Ministry of Public Security held a meeting to study ways to implement the "Circular Concerning Sternly Prosecuting Illegal Forward Exchange and Foreign Exchange Down Payment Transactions," which was issued by the four units jointly, as well as to study problems arising in Beijing as a result of the relevant work. Attending the meeting were comrades from the Beijing Securities Control Commission; the State Administration of Exchange Control, Beijing branch; the Beijing Administration of Industry and Commerce; the Beijing Public Security Bureau; the Beijing Supreme People's Court; and the Beijing Higher People's Court.

The meeting reiterated that because China's futures markets are still in the experimental stage, in which explorations are being made by putting a few chosen commodities on the futures markets in a number of cities, strict control must be exercised. Forward exchange and foreign exchange down payment transactions are of a highly speculative nature, and are risky. Many existing malpractices in these transactions have caused us considerable losses. For a fairly long time to come, no further similar experiments will be carried out.

All local governments and all departments concerned must earnestly follow the principle laid down by the State Council, and must resolutely prosecute illegal forward exchange and foreign exchange down payment transactions.

The meeting pointed out that since 1980, the relevant departments under the State Council have allowed only the appointed foreign exchange banks and a few non-banking financial institutions to deal in spot foreign exchange on firm offer [wai hui xian huo shi pan mai mai 1121 0565 3807 6303 1395 4149 6314 6344] on behalf of their customers, but have never allowed any unit to carry out forward exchange and foreign exchange down payment transactions for their customers, so any institution or individual engaged in such transactions is considered to be committing an offense in law. Since the circular was issued, some institutions and their customers have continued to carry out such transactions, ignoring the state laws and regulations. Some institutions still have accepted new customers and new orders, and some cheated their customers by claiming they were "franchise companies," while others carried out such transactions in secret. Some futures traders, however, delayed closing their deals [ping cang 1627 0221] and even refused to place new orders. All these practices are violations of state laws.

The meeting emphasized that the facts have proved that the "Circular on Resolutely Banning the Haphazard Development of Futures Markets" issued by the State Council in November 1993 is very correct and timely, and that remarkable results have been scored in this respect. Various departments concerned and local governments have resolutely followed the guidelines laid down in the circular; strictly standardized the futures market, dealt harsh blows at illegal futures transactions, and repeatedly issued orders to ban offshore commodity futures, forward exchange, and foreign exchange down payment transactions. Nevertheless, some institutions still are carrying out such transactions, turning a blind eye to state laws. An important reason for this is that such illegal transactions bring huge profits. Therefore it is necessary to deal harsh blows at these institutions so that they can never derive economic benefits from engaging in illegal activities. Departments responsible for the administration of industry and commerce, and for foreign exchange control, must take over their illegal proceeds, mete out draconian punishment to them, or revoke their licenses according to the law. Again, they must investigate serious offenders so as to determine their legal liabilities. The reasons for quite a number of futures traders' staying in the futures market are that they do not have a clear understanding of the risk of these fairly speculative and exciting transactions, and that they try to recover their losses or even to make profits. According to a survey conducted by a relevant department, domestic futures traders suffered great losses from engaging in offshore futures transactions, and especially in forward exchange and foreign exchange down payment transactions. Over the past two years,

more than 90 percent of futures traders sustained losses, and there was an enormous drain of money from China. The departments concerned should play up the danger of these illegal and risky transactions, and should persuade the traders out of the futures market at an early date.

The meeting pointed out that the disputes between futures companies and their customers over illegal forward exchange and foreign exchange transactions should be settled according to the law. The public security department should investigate frauds and prosecute offenders according to the law.

The meeting affirmed the great amount of work done and the achievements made by the Beijing Municipal Government in checking forward exchange and foreign exchange transactions in light of Beijing's actual conditions. Institutions in Beijing's administrative districts engaged in forward exchange and foreign exchange down payment transactions, and their customers, are to suspend their transactions by 31 December 1994 as required by the Beijing Municipal Government's unified arrangements. The institutions engaged in these transactions must energetically persuade their customers to close their deals, and must return to them their down payments. The departments concerned are entitled to close down those futures establishments that refuse to suspend their illegal transactions. The departments concerned should carry out thorough investigations of futures traders. The relevant authorities should be notified of their corporate futures traders, and the relevant work units, neighborhood offices, and police substations should be notified of individual futures traders so that they will help in the educational work. Futures traders must earnestly implement state policies, close their deals on their own initiative, and withdraw from illegal transactions. The departments responsible for the administration of industry and commerce, and for foreign exchange control should punish those who refuse to close deals, and should take over their down payments. They also should deal with those who turn a deaf ear to exhortations or who gather other people to make trouble according to the "PRC Regulation on Public Security Control and Punishment," and should investigate those whose activities constitute a crime so as to determine their criminal liability.

The meeting called on the departments responsible for monitoring securities and futures transactions, for foreign exchange control, for the administration of industry and commerce, and for public security, to act in coordination with each other under the unified leadership of local governments, to take resolute measures against illegal forward exchange and foreign exchange down payment transactions, and to deal properly with the problems arising from these illegal transactions.

8 December 1994

Central Bank To Improve Oversight of Foreign Banks

OW2401232795 Beijing XINHUA in English 0854
GMT 20 Jan 95

[FBIS Transcribed Text] Beijing, January 20 (XINHUA)—China's central bank is to set up an evaluation

system to improve its supervision of the business activities of overseas financial institutions in China, which numbered 118 by the end of 1994.

The Economic Daily today quoted sources at the People's Bank of China (PBC) as saying that the central bank will also continue to study the feasibility of allowing foreign banks to engage in local currency business.

"The measures are aimed at making overseas financial institutions enjoy the same treatment that their Chinese counterparts receive," the sources said.

Of the 118 institutions, which are found in Shanghai, Guangzhou, Shenzhen, Tianjin, and nine other large or coastal Chinese cities, 99 were branches of foreign banks, five were solely-owned foreign banks, and five, joint-venture banks.

The remaining nine included five solely-owned and joint-venture finance firms and four branches of foreign insurance companies.

Some 100 foreign banks or bank branches had already begun doing business by the end of November. The banks, whose total assets were valued at 12.45 billion U.S. dollars, made 89.45 million U.S. dollars in net profits last year.

They helped funnel 5.8 billion U.S. dollars into China last year, and 50 percent of their 7.28 billion U.S. dollars in domestic loans were granted to foreign-funded enterprises, which accounted for 55 percent of the banks' total deposits of 2.699 billion U.S. dollars last year, the PBC sources said.

They said that there were also 393 representative offices of overseas financial institutions in 18 Chinese cities by December, including 70 set up by foreign insurance companies, 250 by foreign banks, 40 by securities firms, 11 by finance firms, and four by credit card companies.

New Import-Export Bank 'Performing Well'

OW2501045695 Beijing XINHUA in English 0108
GMT 25 Jan 95

[FBIS Transcribed Text] Hangzhou, January 25 (XINHUA)—The China Import and Export Bank, which went into operation last July, is performing well, according to a senior bank official.

It has examined and approved 25 loan projects concerning exports, involving a total of 2.86 billion yuan, Gu Mingdao, vice-president of the Beijing-based bank, disclosed. Gu has been here to sign an export loan trusteeship agreement with the Zhejiang, Shanghai and Jiangsu Province branches of the Bank of China.

At the same time, the bank has promised 1.07 billion yuan in loans and agreed to undertake 15 projects of export credit insurance and guarantees, involving 50 million U.S. dollars.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The policy-lending bank under the State Council is mainly intended to provide financial support for the export of capital goods such as mechanical and electrical products and complete sets of equipment.

It is a product of China's ongoing financial reform, according to Gu.

In 1994 mechanical and electrical products and complete sets of equipment accounted for 26.4 percent of the country's total exports, Gu said at the agreement signing ceremony.

Hainan Promotes Joint Stock System

OW2401084395 Beijing XINHUA in English 0754
GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (XINHUA)—The joint stock system has become a new force for the development of the basic industries and infrastructure of south China's Hainan Province, one of the five special economic zones in the country, according to today's "CHINA BUSINESS".

Statistics show that in 1994 alone, 57 joint stock companies engaged in these sectors were set up with total capital of 11.1 billion yuan, of which some 14 were engaged in the construction of key state projects, involving capital of nearly 5.7 billion yuan.

The local government has drawn up necessary regulations on the setting up of share-holding enterprises.

The local government will not approve new joint stock companies but put all its efforts into strengthening the management and supervision of the existing ones, the report said.

Rural Shareholding Cooperative System Expanding

95CE0210A Beijing JINGJI CANKAO BAO in Chinese
24 Nov 94 p 2

[Article by reporters Wang Yanbin (3769 6056 1755) and Liu Jian (0491 0256)]

[FBIS Translated Text] Since 1993 converting rural enterprises into shareholding and shareholding cooperative systems has been carried out spontaneously nationwide from south to north. In light of the needs of their own economic development, localities have been actively exploring possibilities in this endeavor, and the campaign "has spread without much ado." On the one hand, most new enterprises are run under the shareholding and shareholding cooperative systems; on the other hand, old collective enterprises are being transformed into shareholding and shareholding cooperative entities. In converting enterprises into shareholding and shareholding cooperative systems, the rural sector has quietly surpassed its large and medium counterparts in the state sector by a wide margin. In rural China, the

shareholding system—especially the shareholding cooperative system—has become a new trend in economic development.

Practice in various localities has shown that the shareholding and shareholding cooperative systems are crucial for rural enterprises to raise economic efficiency and ensure sustained, steady, and healthy development. Enterprises run under the shareholding and shareholding cooperative systems are said to have better economic efficiency by an average of over 30 percent than before they implemented the systems or than those enterprises not implementing the systems.

Statistics show that 8.7 percent of collective enterprises in rural China implemented the shareholding cooperative system in various forms in 1993; their productivity was 43,512 yuan and the per capita profit and tax was 4,077 yuan, both figures being higher than the national averages of 8,105 yuan and 1,152 yuan for rural collective enterprises.

Based on their actual conditions, localities in Jiangsu Province have adopted various forms of ownership system for rural enterprises, shifting such enterprises from the once predominant form of a simple collective economy to a mixed economy. In the first half of 1994, the province registered 3,171 new shareholding cooperative enterprises, with a total capital of 1.382 billion yuan; 15,456 enterprises underwent various forms of transfer, of which 4,587 were auctioned and 10,869 were leased; newly "grafted" enterprises totaled 1,246 and 65 new provincial-level group companies were formed. Thus by the end of June, the province had 15,000 each of shareholding cooperative enterprises, transferred enterprises in various forms, and approved foreign-funded enterprises. The three "15,000s" represented approximately over 40 percent of rural collective enterprises in the province; it was predicted that the percentage would approach 50 by the end of 1994.

In Shandong Province, statistics show that by the end of last March 48,000 rural collective enterprises had adopted the shareholding cooperative system, accounting for 27 percent of the province's rural enterprises. By the end of 1993 Guangdong Province had 140,000 shareholding cooperative enterprises in various forms. The province's shareholding cooperative system was first implemented in Shenzhen's Baoan District; it has in recent years gradually spread to other localities, such as Zhaoqing, Yangjiang, Qingyuan, Shaoguan, and Meizhou. Zhaoqing City has accelerated the spread of the shareholding cooperative system. Each county and district in the city has set up a "leading group for promoting the shareholding cooperative system" and its office to do extensive publicity and provide active guidance. Through the implementation of the shareholding cooperative system the city has so far acquired a total of some 3 billion yuan of capital and founded more than 5,000 enterprises. The pilot reform of the ownership system of rural enterprises in Shunde City, where rural

collective enterprises flourish, shows that the transformation into the shareholding and shareholding cooperative systems has brought substantial benefits: in 1994 profit-making enterprises all saw considerable increases in profit, some loss-making enterprises were able to get back in the black, and other enterprises used to sustain huge losses were able to greatly reduce their losses. It was estimated that, given 1994's market conditions, rural collective enterprises would have seen their losses increase by over 200 million yuan if the transformation had not been accelerated. After the reform of the ownership system, local bank deposits have continued to show steady growth.

Implementing the shareholding and shareholding cooperative systems in rural enterprises helps to clarify ownership, separate the government from the enterprise, attract capital through various channels, arouse enterprise managers' and plant directors' dedication, improve management and administration, and foster the optimal combination of various essential production elements. Localities' understanding in this regard has been basically the same, which has considerably facilitated the work. This, in turn, has greatly increased rural enterprises' vitality and helped them to raise their economic efficiency amidst fierce market competition. Cadres at various localities told the reporters that they hoped that in the reform of the ownership system of rural enterprises, the central authorities would respect more the public's wishes, explorations, and innovations and refrain from drawing quick conclusions and the urge to restrain or regulate.

***October Shanghai Stock Market Activities Viewed**

95CE0168C Hong Kong CHING-CHI TAO-PAO
[ECONOMIC REPORTER] in Chinese No 44, 7 Nov
94 p 35

[Article by Li Hai (2621 3189): "Report on Shanghai Stock Market Activities in October"]

[FBIS Translated Text] The Shanghai stock market has slowly been losing steam lately. The market turned around on 1 August, the beginning of a rally that lasted about half a month. After surging to 1,052 points on 13 September, it retreated and fell to 660 points on 6 October. The index fluctuated between 600 and 700 points throughout October, and ended the month at 654 points, a drop of about 17 percent from the 791 points recorded at the end of September. The latest bullish market has come to a close.

Turbulence On Market Giving Way to Calm

The rally in August was fueled by three government policies: The decision to stop the issue and trading of new stock before the end of the year, the imposition of strict controls on *pei gu*, and the move to increase the amount of funds on the market. The Shanghai stock market shot up from its depressed level of 333 points and

experienced two waves of heightened activity which catapulted its index past the 1,000-point barrier but fell short of making a third wave high enough to topple the record of 1,536 points set in February 1993. The retreat from the second wave was led by blue-chip stocks; by late October, large, mid-sized, and small investors were scrambling to unload so much that the index fell 100-200 points on a single day. The biggest one-day decline was 38 percent, a record on the Shanghai market.

The most turbulent day was 7 October, when the index tumbled to 545 points at one point. It was then that institutional funds entered the market, driving up the index almost 200 points to 738 points at the close. By the 14th of the same month, sellers had returned in full force and the index again fell through the 600-point barrier to 592 points. Again institutional funds entered the market and successfully staged another rally, boosting the index to 663 points at the close.

Reviewing the stock market for the month of October, it had no trouble holding the index at the 600-point mark, which is a highly defensible point. The index threatened to break through it on several occasions only to recover every time. It is seen as the safety line currently and possibly for the rest of the year.

A Warning to Super-Organizations

When the market was at its peak in September, the total volume of trading each week amounted to 64 billion yuan, 16.3 billion yuan worth of shares changed hands on the busiest day, and hot money poured into the market from all over the nation. Faced with excessive speculation and other disruptions of the market caused by man-made factors, the securities management authorities took a series of steps to calm the market.

The clarion call was sounded by a commentary in JIEFANG RIBAO on 13 October. Titled "Don't Spread Rumors to Disrupt the Market," the article called for strict management to regulate the market. It demanded that organizations, large investors, and especially super-organizations be closely monitored to prevent them from engaging in malpractices for selfish ends. The commentary was the first to refer to "illegal organizations and large investors" in an authoritative tone and condemn them for disrupting the market. It was a most stunning piece and was regarded as an indication of the government's intent to protect its authority and maintain stability on the stock market. * As a tool of the market, organized funds often make their presence felt as the index lurches dangerously close to the 500-point level. To check excessive speculation and overdrawings, the government announced earlier than scheduled that T+0 would be changed to T+1 next year and that regular Friday meetings would be replaced by impromptu meetings. [sentence as published]

Widening Impact of Stock Market

Right now the Shanghai stock market is in the doldrums, with stock prices low and the volume of trading light. On

a really quiet day only 600 million yuan worth of shares change hands. That the index has not slipped below the 600-point mark in search of the next sustainable low point is the result of an effort by the government to use a mix of policy and funds to prop up the market. The market has been affected by a number of factors. One is the fact that the year is drawing to a close. There is still uncertainty over what new stocks will be issued next year and how. Also awaiting determination is the issue of state and legal-person stocks. The issue of 1995 state bonds also is approaching. Taking the warning to heart, large investors, organizations, and super-large investors are now more restrained in their trading. The promulgation of a securities law has been delayed repeatedly. There are signs the markets for A and B shares will be merged.

The commitment of the government to stabilize the stock market has boosted the confidence of shareholders, most of them now taking a wait-and-see attitude. A stable market will generate more revenue for the government and make consumers more confident.

New Trend in Controlling Activities

The new trend in controlling activities is to sell off state and legal-person stocks with compensation. Partial stakes in the Xiaoxing Department Store, the Xiamen Auto Company, and Changchun Hualian have all been sold. None of the buyers has issued stock for trading on the stock market. After the stakes were sold, state stocks became legal-person stocks. The transfer of stock ownership in this manner constitutes a more substantive move in the direction of obtaining majority ownership and takes us further away from state ownership. This has inestimable significance for enterprise transformation and the diversification of the economy.

Opening Up B Shares Market to Domestic Investors

The market for B shares took a major step forward in October with the admission of domestic capital. This move effected a merger between the markets for A and B shares up to a point. The opening of the B shares market to domestic investors, a long-discussed issue, is now a reality. Securities traders in Shanghai are now accepting applications by domestic investors to open accounts. The minimum investment is \$10,000 for an individual and \$100,000 for a unit.

The issue of new B shares resumed last September. The first company to do so was Guolu, followed by Youtong. On its first day of trading, Youtong stock opened at \$0.518, which, interestingly enough, sounds like "I must get rich" in Chinese. And it did. Youtong stock is being traded at about \$0.60 in recent days.

The B-shares index hovered at the 80-point level throughout September and spent most of October fluctuating within a close range of that number, closing the month at 78 points. Now that domestic capital is free to enter the B shares market, some money has been moving in that direction.

A symposium on "company reorganization and the issue of B shares" was held in Shanghai on 28 October. According to informed sources, 200 enterprises nationwide have applied to issue B shares. The state has authorized the issue of a total of \$1 billion worth of B shares, including \$100 million each in Shanghai and Shenzhen, with the balance to be split among the other provinces and municipalities. So far 30 companies have issued B shares in Shanghai. The next to do so will be Shuixian Electric. The company has begun soliciting buyers for its stock and has retained Sanyo of Japan as its international coordinator.

*Domestic Trade Official Views 1994 Futures Market

95CE0216A Beijing JINRONG SHIBAO in Chinese 15 Dec 94 p 1

[Article by correspondent Zheng Xiaoguo (6774 1420 0948): "Ministry of Domestic Trade Official Concerned Cites Four Main Features of China's Futures Markets During 1994. 'Wholesale Market Control Measures' To Be Promulgated Soon"]

[FBIS Translated Text] Beijing, 14 December. Zhao Jie [6392 2638], deputy director of the Market Building Department of the Ministry of Domestic Trade, said during an interview with this correspondent a few days ago that China's futures markets showed three features during 1994.

This year is China's futures year. This means mostly that the State Council and various departments concerned took a series of actions to revamp futures markets, and to enhance macroeconomic control of futures markets during 1994. They also instituted central direction and oversight. Thus, during 1994, China's futures business moved toward greater standardization than in previous years. Specific actions taken included the following: The Chinese Securities Supervisory Commission was designated the central control agency for futures markets throughout the country; the "Futures Trading Law," and the "Futures Trading Control Regulations," which are needed to fill the legal void before inauguration of the "Futures Trading Law" are being drafted and discussed; all established futures trading agencies have been re-registered; futures corporation examination and approval authority has been centered in national agencies concerned; "Interim Measures for Futures Brokerage Company Registration and Control," which provides for the registration of all established brokerage institutions, were promulgated; a uniform testing and certification system for futures brokers was tried out; and eleven futures exchanges in which conditions have matured were designated experimental futures exchanges.

This was an eventful year for China's futures markets. During 1994, a succession of mishaps, excessive speculation, and pit trader rigging frequently occurred. Some big losers filed suits and some attacked the exchanges. In

the process, the State Council temporarily halted futures trading for five different commodities, namely, processed steel, coal, sugar, long grain rice, and rape seed oil.

During 1994, trading volume rose quite rapidly on all futures exchanges. Formerly the Shanghai Metals Exchange outshone all others, but in 1994 both trading volume and turnover on the Beijing Commodities Exchange, the Hainan Chinese Commodities Exchange, the Shanghai Grain and Edible Oil Exchange, and the Suzhou Commercial Exchange rose to form a pattern in which several exchanges ran neck and neck.

Even though the futures exchanges have fixed trading sites, the kinds of commodities available for trading are few and far between. Some exchanges are not worthy of the name. Furthermore, some exchanges are engaged in medium and long-term contract trading, which is really in the spot trading category.

Zhao Jie feels that the simultaneous existence of these two features means that the country's futures markets are still not very mature. He said that we should regard futures markets with the same caution we apply to stock markets. Since risks are greater in the operation of futures markets, the need for controls is greater. Rushing into action or taking big or too rapid steps will render impossible full performance of the function of futures markets. He believes that China's futures markets are currently in the commodities futures stage during which their function is to regularize spot markets and product quality. He suggests that during the present experiment with futures in China, a full understanding of the function and role of futures markets is needed, first of all, and the functions and roles that could not be discharged to the full during the past phase futures markets should be discharged now. Second, while strictly enforcing existing laws and regulations, uniform futures market control regulations should be inaugurated throughout the country as quickly as possible. In particular, uniform measures for standardizing futures trading should be enacted at once. Third is energetic efforts to improve the expertise of personnel engaged in futures trading. Zhao Jie emphasized that quite a few personnel engaged in futures trading in China today lack required knowledge of futures. Such people are a major symptom of futures market immaturity. For example, when a customer incurs losses, he should go see his brokerage company, but what he actually does is attack the exchange, thereby showing that he does not completely understand futures.

On the subject of work plans for next year, Zhao Jie said that during 1995, the Ministry of Domestic Trade will pay close attention to spot exchange control and the building of wholesale markets, the emphasis being on standardization of intermediate and long-term contract trading. Medium and long-term contracts must be separated from futures. Dealings in false futures should not be allowed. He disclosed that the Ministry of Domestic Trade will promulgate "Wholesale Market Control Measures" at the end of December. These "Measures"

mostly apply to control of spot trading, and they include intermediate and long-range contract trades. They provide strict provisions regarding wholesale market applications, establishment, examination and approval, business dealings, and administration. The "Measures" provide that intermediate and long-term contract trading requires approval from the Ministry of Domestic Trade. Ministry of Domestic Trade approval is also required for the kinds of commodities listed. Once these "Measures" have been promulgated, the ministry will draw up specific measures for controlling intermediate and long-term contracts, which will prescribe trading regulations for intermediate and long-term contracts.

Foreign Trade & Investment

Li Lanqing on International Chamber of Commerce

HK2501060895 *Beijing CHINA DAILY in English* 25 Jan 95 p 1

[By Wang Yong: "Country Gains ICC Status"]

[FBIS Transcribed Text] China moved closer towards the world free-trade community yesterday during a ceremony marking its formal entry into the Paris-based International Chamber of Commerce (ICC).

Observers here said the event should bolster China's persistent bid to enter the World Trade Organization (WTO), a highly significant international forum binding the free exchange of goods, capital and services.

Jean-Charles Rouher, Secretary-General of the ICC, yesterday described China as a representative of large, emerging market economies, whose participation in the ICC would enhance the organization's efforts to press for free international trade.

He expressed support for China to enter the WTO as soon as possible.

Founded in 1919, the ICC admits only market economies as members.

Chinese Vice-Premier Li Lanqing said the ICC membership would speed China's overall integration into multi-lateral economic systems.

"Under the guidance of Deng Xiaoping, China has chosen to go along with a socialist market economy after 16 years of reforms and opening to the outside," he said during the founding ceremony of ICC China.

The decision to accept China as a full ICC member was made last November, following a consensus that China was indeed in the process of building a market economy.

The ICC's position contrasts with that of some WTO members, such as the United States, which have denied the market-oriented nature of China's economy and placed excessive demands for access to the Chinese market.

China began to apply for reentry into the General Agreement on Tariffs and Trade (GATT), the former incarnation of the WTO, in 1986.

Yet after more than eight years of prolonged talks, a few members continue to create obstacles to China's acceptance as a full member.

In a parallel move, China made formal contact with the ICC in 1985, about six years into China's market-oriented economic reforms.

But negotiations over China's access to the ICC were no less difficult than those over its GATT re-entry.

One point in common was the intense debate over whether China had a market economy [sentence as published].

The ICC is a leading advisory organization of the United Nations, similar to the WTO and the Organization of Economic Co-operation and Development (OECD).

The ICC primarily oversees issues such as air and sea transportation, banking, international investment, intellectual property rights and environmental protection.

Officials of the ICC said China's participation would boost international confidence in trade with and investment in the country.

Any arbitration results made by an ICC member would be enforced in China.

Rouher said that the ICC had always paid great attention to China's efforts to resume its contracting party status of the GATT, and become a founding member of the World Trade Organization (WTO).

"China needs the WTO, and the WTO needs China," he said.

State Patent Bureau Intensifies IPR Protection

HK2501092395 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0907 GMT 22 Jan 95

["Special article" by reporter Hong Wen (3126 2429): "State Patent Bureau Strengthens Protection of State-Owned Intellectual Property Rights"]

[FBIS Translated Text] Hong Kong, 22 Jan (ZHONGGUO TONGXUN SHE)—The negotiations between China and the United States have experienced twists and turns, arousing great concern among investors. However, so far the focus of attention has been placed only on the protection for foreign-owned intellectual property rights [IPR] in China, whereas losses of intangible assets, including IPR, seem to have been overlooked at home. In this connection, China's State Patent Bureau is adopting policies and measures to ensure that the assets valuation in joint ventures and enterprise cooperation projects is conducted according to international practice, to effectively curb the increasingly remarkable drain on state-owned assets.

It is estimated that the drain on state-owned assets in China over the past more than 10 years has been as high as 100 million yuan a day on average and the case of the drain on intangible assets is still more serious. Of the more than 10,000 state-owned enterprises run with Chinese and foreign funds on a joint venture or cooperation basis with the approval of the departments concerned, less than 20 percent have had their assets evaluated. Investigation shows that the 2,000 enterprises which have undergone assets valuation have an average asset appreciation rate of over 70 percent. If this rate applies to the remaining 8,000 enterprises which have not undergone an assets valuation, then the drain on state-owned assets could be as much as 30 billion yuan.

As far as the drain is concerned, the lack of attention paid to intangible assets in the process of changes in property rights ownership, and of the joint-stock system reform in enterprises, represents a particularly serious case. What is more, most listed joint-stock companies have not counted their intangible assets, which are large in volume, as a part of their assets and they have simply taken no action to stop the drain of this part of their assets. On the other hand, many assets valuation agencies which have been established and are currently operating around the country are actually run as a division of accountants' or auditors' services and most of them only evaluate tangible assets for their clients.

As China is expanding the scope of opening up, protection for state-owned IPR is of increasing importance. According to the latest issue of ZHONGHUA QIYE [CHINA ENTERPRISES], the State Council recently promulgated the "Decision on Further Intensifying Protection for IPR," expressly demanding that the State Patent Bureau "take part in and provide guidance for the task of appraising intangible assets, mainly IPR." A Liancheng Assets Valuation Service has been founded in Beijing, the first of its kind ever to operate in China, as a subsidiary of the State Patent Bureau to mainly render appraisal services for such intangible assets as patents, trademarks, copyrights, and software. This national-level agency has appointed a number of well-known experts and scholars as assets valuation consultants.

Ming Yanhua, deputy director of the State Patent Bureau, disclosed that his bureau and the National Administration of State Property jointly organized an assets valuation training course recently. The first class on this course will offer training to some 100 professionals. Ming pointed out that since China lacks authoritative agencies and professionals in assets valuation, it will be hard for China to resolve in one fell swoop, all the problems relating to IPR protection.

Ming said his bureau will further improve the operation of assets valuation agencies to provide enterprises with the service of IPR evaluation and to effectively reduce the drain on state-owned intangible assets.

First National Patent Market Established*HK2501103395 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1102 GMT 23 Jan 95*

[FBIS Translated Text] Guangzhou, 23 Jan (ZHONGGUO TONGXUN SHE)—China (Zengcheng) Patent Village, known as "China's first patent services village," announced today the establishment of the first national patent market in south China.

The China (Zengcheng) Patent Market is jointly operated and managed by the China Patent Village Development Corporation in the city of Zengcheng; the China State Patent Bureau's Information Center; three companies subordinate to Guangzhou's Planning Commission, Science and Technology Commission, and Economic Commission, respectively; and Guangzhou's Scientific and Technological Progress Foundation. This will be China's first permanent technology market to render integrated services, ranging from patent and trademark agency, intangible asset assessment, and services related to intellectual property rights. This patent market will develop a transregional intermediary network for patented technology trade on a membership and non-membership basis so as to provide enterprises with technical information, and to present patented and special technology. The patent market also will establish a patented technology mid-term testing network to undertake marketing surveys for specific technology items, and to render technology trade support services at home and abroad.

Foreign-Funded Wholesale Firms Not Permitted*OW2501121895 Beijing XINHUA in English 1108 GMT 25 Jan 95*

[FBIS Transcribed Text] Beijing, January 25 (XINHUA)—China will take a cautious attitude toward the opening up of the wholesale business and will not permit foreign-funded wholesale enterprises in the coming two or three years.

This was learned by XINHUA from a senior official from the State Commission for Restructuring the Economy.

"But," he said, "China welcomes foreigners to participate in trade involving the wholesale sector, and this kind of co-operation has witnessed great success."

He said that the time for further co-operation is not ripe, as some state-owned wholesale enterprises face difficulties in development, and a pressing matter at the moment is reform.

Statistics show that one third of the 90,000 state-owned wholesale enterprises under charge of Ministry of Internal Trade face losses.

Further, the official said, setting up joint retail stores on a trial basis can only be expanded on the basis of experience obtained from such trials.

China has approved the setting up of 12 such retail stores in six large and medium-sized cities and five special economic zones.

So far, three stores have been or are about to go into operation: one in Shanghai and the other two Beijing.

These stores have the right to export commodities, and are permitted to import commodities with a combined value of not more than 30 percent of each store's total turnover.

A release from the ministry says that China has started drawing up plans for setting up wholesale joint ventures "where the time is ripe."

An economist explained, "The commercial sector is closely connected with the people's livelihood and China lacks experience in co-operation in this sector. So the pace of Sino-foreign co-operation has to be more cautious."

China has witnessed a double-digit economic growth for the past three years running, the economist said, noting that the country, with its population of 1.2 billion, is an attractive large market for foreigners.

China's gross domestic product in 1995 is predicted to increase by some nine percent and the annual income for city residents will increase from 1978's 600 yuan to more than 3,000 yuan.

A series of reform measures will be adopted this year in the wholesale sector, such as expanding the agency system, setting up chain stores on a trial basis and developing comprehensive business.

To set up a developed commodity system, China will spare no efforts in the next few years to establish a united, open, efficient and orderly market which is closely linked with the international one.

Railroads Seek Foreign Investment*HK2401141395 Hong Kong MING PAO in Chinese 7 Jan 95 p B2*

[Report: "Railroads Suffering From Serious Losses, Seeking Way Out by Attracting Foreign Investment"]

[FBIS Translated Text] Railway Minister Han Binshu yesterday said that China's railroad industry will increase the size of opening up to foreign investment, and will strengthen foreign cooperation.

He said: At present, international capital has interest in China's railroads, and many foreign companies have expressed a willingness to cooperate with us in this field. We should be bolder, have a broader vision, and move ahead with greater strides in order to use more funds and technologies from outside the mainland, and use them better.

Han Binshu said: This year, and as soon as possible, we will officially promulgate the Interim Regulations on

Foreign Investment in the Construction of Railroads in order to attract foreign investment in railroad construction. We also will expand the use of foreign funds by means of issuing international bonds, arranging the listing of railroad enterprises in external stock markets, and setting up railroad investment foundations in areas outside the mainland. The railroad industry should upgrade its products by means of importing advanced foreign technology, joint design, and cooperative production so that the products can be made closer to international standards. Breakthroughs will be made in joint investment in the production, and also the cooperative production of cast-steel wheels, high-class passenger carriages, and bearings and gearing.

Han Binshu said: We should further develop international joint transportation, expand the scope of international cooperation in container transport, improve the foreign transportation agent business, and develop international express delivery services. The opening of railroad business in the special economic zones and in the coastal and border areas should be advanced, and breakthroughs should be made in such key open areas as Pudong, Hainan, and Shenzhen, and in the transportation links with Hong Kong and Macao.

In 1994, China's railroads reportedly transported nearly 8 million tonnes of international cargoes, and 121,000 international passengers; direct container train services between Zhengzhou and Kowloon began; and the railroad industry as a whole used \$443 million of foreign funds, and applied for the starting of some major cooperative production projects.

In 1994, however, China's railroads also incurred serious business losses. As it is hard to thoroughly adjust the railroad freight rate for the moment, yet the prices of raw materials are increasing continuously, in 1995, railroad operation will be in an even more difficult financial condition. Han Shubin set out the targets of 1995's railroad reforms: Continuing to transform the functions of the government, doing a good job in the enterprise reform experiments, promoting the transformation of operational mechanisms, adjusting the organizational structure of enterprises, accelerating the pace of moving into the market, and making new breakthroughs in railroad reform. The pilot schemes for the establishment of the modern enterprise system in the railroad industry will be completed in the two years of 1995-96, and the modern enterprise system will be established across the board in the railroad industry in 1997, with the framework of this system being built up by the year 2000. In 1995, investment in railroad construction will amount to 30 billion yuan; 1,213 km of new railroad lines and 946 km of double-track railroad lines will be laid.

The contradiction between the shortage of funds and the task of construction is now prominent. In 1995, financial priority will be given to such key projects as the Beijing-Kowloon Railroad, the Lanzhou-Urumqi Railroad, the Baoji-Zhongwei Railroad, the Hangzhou-Nanchang

Railroad, and the West Beijing Station. Financial needs in the four key projects that can be completed and put into operation within the year—namely, the Nanning-Kunming Railroad, the electrification project of the Beijing-Guangzhou Railroad, the backup project for the Qinghuadao-Datong Railroad, and the electrification project of the Chengdu-Kunming Railroad—will be satisfied as much as possible.

In 1995, the Chinese railroad department plans to spend 12 billion yuan on purchasing 791 locomotives, more than 2,000 passenger carriages, and more than 26,000 freight cars. A part of the passenger carriages will be purchased by inviting tenders.

Anhui Province Sees Rapid Export Expansion

OW2301103995 Beijing XINHUA in English 0844
GMT 23 Jan 95

[FBIS Transcribed Text] Hefei, January 23 (XINHUA)—In 1994 east China's Anhui Province reported an export growth of 32.4 percent compared with the previous year.

Last year the province took a series of measures to develop its export-oriented economy and encourage exports. It registered a monthly export growth rate of 30 percent, much higher than the national average.

In the whole year it reported an export volume of more than 1.2 billion U.S. dollars.

At the same time, its foreign currency earnings increased markedly and the rate of foreign currency collection against export sales reached 86.1 percent, nearly ten percent higher than in the previous year.

Economists attributed the export growth to the readjustment of the export structure. Foreign trade companies used to monopolize local exports, but in 1994 production enterprises and foreign-funded enterprises accounted for 23 percent of the total exports.

Figures Show Export Volume Soars in Fujian Province

OW2401093295 Beijing XINHUA in English 0850
GMT 24 Jan 95

[FBIS Transcribed Text] Fuzhou, January 24 (XINHUA)—The total export volume amounted to eight billion U.S. dollars last year in east China's Fujian Province, 40 times the figure for 1978 and ranking third in the country.

The per capita share of the gross domestic product and per capita income in the province were in the eighth and 12th places, respectively, in China last year.

Meanwhile, Fujian fulfilled the state-set export target 100 days ahead of schedule in 1994, with exports from foreign-funded enterprises and foreign trade businesses increasing by 45.6 percent and 51 percent, respectively.

The setting up of more than 15,000 foreign-funded firms was approved by the provincial government during the past year, involving eight billion U.S. dollars in overseas funds. Of these companies, 7,500 have become operational, generating a total annual output value of 36 billion yuan.

In addition, 15 joint-stock foreign trade enterprises and three foreign trade groups were established last year, with six firms experimenting with the modern enterprise system, local officials said.

Illegal Foreign Exchange Futures Trading Halted

HK2401132895 Beijing ZHONGGUO XINWEN SHE in English 1214 GMT 24 Jan 95

[FBIS Transcribed Text] Guangzhou, January 24 (CNS)—Transaction of foreign exchange futures and foreign exchange deposit undertaken by futures brokers, various financial institutions and other kinds of organizations, all of which have not yet been approved by the China Securities Regulatory Commission and the State Administration of Exchange Control nor registered with the State Administration for Industry and Commerce, is considered illegal, according to a joint notice issued by the Guangdong Futures Regulatory Commission, the Guangdong Administration of Exchange Control, the provincial Administration for Industry and Commerce and the Department of Public Security in a bid to smooth implementation of the regulations on checking such illegal financial activities across the province. These financial institutions involved in such activities should make business correction, stop from opening new client accounts, clear deposits received from clients who were involved in position squaring and switch to domestic futures sector according to the regulations and to a circular issued by relevant departments including the provincial futures regulatory commission on September 20 last year.

An overhaul has to be carried out in localities across the province to wipe out illegal foreign exchange futures and foreign exchange deposit trading. Those financial institutions in defiance of the joint notice have to be cracked down on. As for contracts which have not yet finished the position squaring, they have to be carefully examined and deposit placed by clients has to be cleared. Investigation has to be launched into business activities undertaken by various futures brokers.

During the overhaul drive, measures have to be adopted to prevent a transfer of capital involved and stop persons found to have committed illegal futures trading from sneaking out of the country with money.

Jiangsu's Joint Ventures Increase in 1994

OW2401164395 Beijing XINHUA in English 1404 GMT 24 Jan 95

[FBIS Transcribed Text] Nanjing, January 24 (XINHUA)—Township joint ventures in east China's Jiangsu Province numbered 13,000 in 1994, an increase of 2,200 for the whole year.

According to provincial officials, three out of ten township enterprises in Jiangsu are joint ventures, and more than 100 have each brought in a total of 20m [million] U.S. dollars in foreign investment, with some even exceeding 100m U.S. dollars.

Some well-known international companies, such as Hitachi, BMW, and Siemens, have set up joint ventures with township enterprises in the province, which is a leading figure in the development of the coastal economy.

Officials say that an average of 40 percent of the investment in these joint ventures comes from foreign investors.

Shenzhen Hosts Conference on Ties With East Asia

OW2401172195 Beijing XINHUA in English 1627 GMT 24 Jan 95

[FBIS Transcribed Text] Shenzhen, January 24 (XINHUA)—An international conference discussing prospects of cooperation between south China and east Asian countries and regions was held in this booming economic neighbor of Hong Kong.

The conference, jointly sponsored by the China Development Institute (CDI) and the Comprehensive Development Research Institute of Japan, discussed the economic development of south China, which has showed dynamic development since reforms were started in 1978.

The region, including Shanghai, Zhejiang, Guangdong, and Fujian, has been active in international economic cooperation, especially with east Asian countries and regions, such as Japan, Hong Kong, and Taiwan.

The director of the CDI, Ma Hong, a well-known economist who is also director of the Development and Research Center of the State Council, said that in spite of achievements in recent years, south China still faces serious problems.

Energy shortages, slow development of technology, and the lop-sided situation in international cooperation, in which China can only provide cheap manpower and resources, has impeded the development of the region and will influence the further development of China and East Asia, Ma said.

Experts from Hong Kong, Japan, and Taiwan, are attending the conference, which ended Sunday [22 January].

More Value-Added Products in Total Exports

HK2501061595 Beijing CHINA DAILY in English 25 Jan 95 p 5

[By Wang Yong: "High Value-Added Exports Up"]

[FBIS Transcribed Text] China's export structure improved last year with machinery and electronic products accounting for 26.4 per cent of total export value.

Exports of machinery and electronic products surged 40.9 per cent to \$32 billion, the biggest increase since 1989.

China's target was to surpass \$30 billion in exports in the sector by 1995. Economists say the \$60 billion mark could easily be reached by the end of this century.

Machinery and electronic items, especially equipment systems, boast higher value-added content than traditional Chinese exports such as textiles and footwear.

Economists say further heavy reliance on textile and footwear exports would be risky for China as world demand cannot be expected to expand significantly.

Moreover, trade protectionism against these products is gaining ground.

Customs data show that State-owned enterprises gained ground last year in selling machinery and electronic products overseas.

State enterprises sold a total of \$18.33 billion such products last year, up 30 per cent from 1993.

"But it was still the enterprises with foreign investment that had led the surge in China's machinery and electronics exports," customs officials said.

Foreign-funded enterprises exported \$13.3 billion worth of such products, up 58.1 per cent.

Foreign-funded ventures account for an increasing share of China's total exports in the sector, while the share of State enterprises is declining, the officials said.

Last year's fastest growing exports were motors, power generators, cable, cameras, ships, containers, tape recorders, computers, telephone sets, bicycles, fans and watches.

Exports of television sets, aircraft and textile machines dropped.

Hong Kong, the United States, the European Union and Japan were China's largest markets in the sector last year.

Exports to Hong Kong were \$8.7 billion, up 46.2 per cent, to the United States, \$7.63 billion, up 49 per cent; to the EU, \$4.38 billion, up 34.9 per cent; and to Japan, \$3.59 billion, up 49.7 per cent.

The four combined absorbed 75.6 per cent of China's total machinery and electronic exports.

Other growth markets include South Korea, Singapore and Taiwan. Exports to Russia decreased 18.8 per cent to \$180 million.

Africa purchased \$580 million worth of Chinese machinery and electronic products, while Latin America purchased \$870 million.

South China's booming Guangdong Province led the nation by exporting \$19.28 billion worth of such products last year, customs officials said.

"Our exports grew mainly as a result of China's foreign exchange reform, which unified the two-tier rate system and devalued the renminbi yuan (Chinese currency unit)."

The recovering economies of the United States and Europe were another stimulus.

Agriculture

Minister Addresses Agriculture Conference

HK2401131595 Beijing NONGMIN RIBAO in Chinese
11 Jan 95 p 1

[By correspondents Tang Yuanjie (0781 0955 4814) and Li Yongsheng (2621 3057 3932): "National Agricultural Work Conference Is Convened in Beijing"]

[FBIS Translated Text] The national agricultural work conference, at which State Councillor Chen Junsheng made the keynote address, was convened in Beijing on 10 January. Agriculture Minister Liu Jiang gave a report entitled "Recognize the Situation, Set Clear Tasks, and Struggle To Increase the Effective Supply of Agricultural and Sideline Products and Peasants' Incomes," in which he proposed concentrating on three areas in this year's rural economic work.

Chen Junsheng said: Agricultural production last year suffered serious natural disasters rarely seen since the founding of the country, the economic losses sustained being heavier than those in 1991. Despite a year of extraordinary disasters, the agricultural sector was able to reap good harvests and the rural economy did remarkably well—much better than we had expected during the disasters. This was mainly due to the fact that party committees and governments at all levels had conscientiously implemented the correct policies of the party Central Committee and State Council; and cadres in the agricultural sector had made great efforts and worked arduously for agriculture and the development of the rural economy. On behalf of the State Council, I give my sincerest regards and heartfelt gratitude to the broad masses of cadres in the agricultural sector, and wish them greater achievements this year!

Chen Junsheng stressed: By the end of this century, China's agriculture and its rural economy will be facing two big strategic missions: First, to increase the output of agricultural products to ensure effective supply, and second, to increase peasants' incomes and achieve the goal of attaining a relatively well-off level. The missions are extremely arduous and require tremendous efforts by all sectors. The urgent task right now, however, is to do

a good job in this year's agricultural work and reap good harvests from this year's farming. At present, China's agriculture and its rural economy are under some constraints. In the long run, there are three big constraints: First, a continuing decrease in the area of farmland; second, a continuing increase in population; and three, frequent droughts and floods. These three big constraints have been afflicting us. At present, there are some problems in agriculture and the rural economy that we cannot disregard. As long as they are present, agriculture and the rural economy cannot possibly develop significantly; in fact they might set off a series of contradictions and cause problems. We must not be complacent. I hope the broad masses of cadres in the agricultural sector will seriously implement central principles and policies, work hard in the new year to stabilize and increase the effective supply of agricultural and sideline products and peasants' incomes, and make greater contributions toward reform, development, stabilizing the overall situation, and curbing inflation.

Minister Liu Jiang analyzed in his report the current situation facing the rural economy and asked all cadres in the agricultural sector to heighten their sense of mission and urgency in pursuing well this year's rural economic work. He said: The national agricultural work conference convened early last year set two big objectives for rural economic work, namely, ensuring the effective supply of agricultural and sideline products and stabilizing and increasing peasants' incomes. After a year's efforts, we have done relatively well in achieving these two objectives. Despite severe natural disasters, total grain output hit 889.2 billion jin—making 1994 a high-yield year; cotton topped 85 million dan, some 10 million higher than last year; oil-bearing crops totaled 19 million tonnes, an all-time high; sugar-bearing crops were down slightly from last year; meat rose 9 percent to 42 million tonnes; aquatic products topped 20 million tonnes, up more than 12 percent; and 10 million more mu were added to vegetable-growing farmland, now amounting to 126 million mu. Township and town enterprises grossed 3,500 billion yuan in sales and business, up 35 percent, and employed 120 million people, an increase of some 7.2 million. The per-capita income for peasants was 1,200 yuan or so, up about 5 percent after allowing for price rises.

Liu Jiang said: While appreciating the achievements of last year's agricultural work, we must also see clearly that the increasing shortage of major agricultural and sideline product supplies has become the main contradiction in current rural economic work. The main reasons are that the deep-seated problems hampering agricultural development remain unsolved, and the combined agricultural productive forces cannot keep up with the growth in demand. First, poor agricultural comparative returns, especially poor grain-growing returns, have caused production factors such as land and capital to drain toward other industries, resulting in a continuous decrease in farmland area over the years. Second, the failure to properly resolve problems like agricultural inputs

exposes, at times of natural disaster, agriculture's weak infrastructure and its poor resistance to natural disasters. Third, insufficient funds in recent years for agricultural research and promotion, insufficient scientific and technological backup, and unstable agricultural technology promotion systems have seriously affected the promotion of technological applications. Some of the series of rural economy-boosting policies unveiled by the party Central Committee and State Council have not been enforced in an ideal fashion. But these many contradictions also provide opportunities for agricultural development. The party Central Committee and State Council regard agriculture with the utmost seriousness, and at last year's central economic work conference were determined to increase inputs in agriculture. At present, demand for agricultural products is strong, providing a good opportunity for expanding production.

Having analyzed the current situation in the rural economy, Liu Jiang proposed that future rural economic work be fully guided by the spirit of the central economic work conference and the two central rural work conferences, with the two key objectives of ensuring the effective supply of agricultural and sideline products and increasing peasants' incomes, and the three focuses of highlighting grain and cotton production, "food basket" production, and township and town enterprises. We must try everything to achieve bumper harvests, and develop the rural economy comprehensively. Specifically, the goals are: The area sown to grain must be stabilized at 1.65 billion mu, so that efforts can be made to increase total output to 910 billion jin; the area sown to cotton must be restored to 90 million mu and total output to 90 million dan; oil- and sugar-bearing crops, meat, and aquatic products must also experience greater increases; and so must peasants' incomes.

Regarding the three focuses for this year's rural economic work, Liu Jiang said: 1) Stabilize and increase total grain and cotton output. Ensuring the effective supply of agricultural and sideline products is an important task in future rural economic work, but most important of all is grain production. The guiding principle for this year's grain production is: Recover areas, optimize structures, concentrate on single crops, and raise total output. In crop mix, emphasis will be put on maize and paddy rice and stabilizing the output of wheat. In regional distribution, increases should be achieved in the eastern region, main efforts will go to the central region, while the western region will be opened up. Key measures will concentrate on the high-quality stock-breeding system, the plant disease monitoring, warning, and prevention system, and the technological popularization system. Vigorous efforts will be made to popularize key technologies most helpful for boosting output, to raise multiple-crop indexes, and to expand growing areas. To ensure the supply of state cash crops, we must beef up cash crop bases. The general requirements for cotton production are to recover growing areas, rely on science and technology, concentrate on single crops, and raise returns. In regional distribution, there must be steady

development in Chang Jiang cotton areas. Cotton areas in Hebei, Henan, and Shandong must be recovered as soon as possible, and western cotton areas actively expanded. 2) Continue to pursue "food basket" production. The key to animal husbandry this year is live hog production, focusing on fodder supply, disease prevention, and breeding good stock so that household production can be stabilized to pave the way for scale operations in an attempt to avoid drastic fluctuations in production. Meanwhile, the development of types of poultry consuming less grain and of herbivorous stock should be stepped up. Fishery should adopt the principle of "rapidly developing breeding, stabilizing the catch from coastal fishing, actively expanding ocean-going fishing, and vigorously pursuing work in the circulation and processing sectors"; increase output; improve quality; and make new breakthroughs in opening up untapped waters and beaches, fishponds, plant disease prevention, and fishery management. In vegetable production, vegetable-growing areas in urban and rural areas must be protected, and vigorous efforts made to pursue off-season production to increase the types and quantities of off-season vegetables. 3) Promote the efficient, sustained, rapid, and healthy development of township and town enterprises. First, we may pursue the "model east-west cooperation project" as an important task, making substantial breakthroughs in model zones, model projects, and items of cooperation. Second, we must gradually optimize the organization of township and town enterprises, rationalize distribution, and encourage localized and extensive development to benefit from localization advantages. Third, we must boost the technological transformation of township and town enterprises to raise overall standards.

Liu Jiang said: Rural economic work this year must highlight the work of increasing peasants' incomes, using various approaches to achieve this end. After stabilizing grain production, mainly we should actively develop high-yield, high-quality, and high-efficiency agriculture; vigorously develop animal husbandry, fishery, and multiple types of operation; deepen and widen production; continue to let township and town enterprises play their important role in increasing peasants' incomes; and pursue well the poor household relief schemes.

To realize fully the objectives of this year's rural economic development, Liu Jiang proposed that in work measures, we must stress pursuing the "five genuinelys": Genuinely deepen reform, expand opening up, and maintain and tap peasants' motivation for production; genuinely increase agricultural inputs and raise comprehensive agricultural productive forces; genuinely strengthen the protection of basic farmland and the environment and work actively to increase grain- and cotton-growing areas; genuinely rely on science and education in invigorating agriculture and increase the part played by technology in the rural economy; and genuinely strengthen the self-development of the agricultural system, launch work innovatively, seriously enforce the instructions of the party Central Committee and

State Council, and try everything to stabilize and strengthen grass-roots agricultural organizations, contingents, and agricultural technology promotion systems.

Lastly, Liu Jiang said: It is very important for safeguarding the overall situation of reform, development, and stability and curbing inflation to do a good job in the 1995 rural economic work. We must, led by the party Central Committee with Jiang Zemin as the core, make real efforts, pursue tasks in various sectors, and try everything to achieve bumper harvests this year and to increase grain by 100 billion jin, cotton by 10 million dan, and aquatic products by 10 million tonnes in order to lay the foundation for realizing the second-step strategic targets.

Persons-in-charge of departments (bureaus) of agriculture, animal husbandry, aquatic products, farming, township and town enterprises, and agricultural machinery from provinces, autonomous regions, and cities attended the meeting, the main agenda of which was to implement the spirit of the central economic work conference and to study and plan for the development objectives, work focuses, and major measures for this year's rural economic work.

Governor: Agriculture Priority for Shandong Economy

HK2401145895 Beijing ZHONGGUO XINWEN SHE
in English 1242 GMT 24 Jan 95

[FBIS Transcribed Text] Jinan, January 24 (CNS)—Secretary of provincial Party committee and governor of Shandong, Mr. Zhao Zhihao, said it is fully proven by past experiences that agriculture is always the most important issue in Shandong economic work. Therefore provincial Party and government officials should, as always, attach great importance to agriculture and constantly enhance the fundamental position of agriculture.

Though Shandong is an important agricultural province with quicker development in rural economy, there is absolutely no reason to be blindly optimistic, said Mr. Zhao. He reminded provincial Party and government officials that a warning signal was given by the sharp growth in prices of agricultural products of last year.

When talking about capital input which would affect agricultural development, Mr. Zhao said governments at different levels should resolutely increase agricultural input. There should be more agricultural investment even at the expense of fewer industrial projects.

Because some areas put more emphasis on cash crop and neglect grain crops, Mr. Zhao urged different areas to have a proper proportion between grain and cash crops, ensure adequate farmland, guarantee a stable growth in grain production. The whole province should be self-support in grain supply while different municipalities and districts should basically achieve a balance in demand and supply.

Mr. Zhao also demanded governments at different levels to actually implement different supportive and protective policies on agriculture, emphasize frugality, protect farmland and greatly develop township enterprises.

Editorial Urges Increasing Agricultural Output

HK2401132795 Beijing NONGMIN RIBAO in Chinese
11 Jan 95 p 1

[Editorial: "Pay Close Attention to Agricultural and Sideline Products"]

[FBIS Translated Text] An extremely good situation in which more attention, support, and concern are being given to agriculture is taking shape following the central economic work conference. It may be said that agriculture is faced with both challenges and opportunities. Challenges because of many difficulties and problems facing agriculture, showing that agriculture has yet to adapt to the rapid development of the national economy; but challenges are also good opportunities for agricultural development. On the one hand, the party Central Committee and State Council are paying serious attention to agriculture and emphasizing making agriculture the most important task in economic work; and there is a general consensus in society on the importance of developing agriculture. On the other hand, social demand for agricultural products has increased greatly; it is now a seller's market for agricultural products, which is a strong boost for agricultural development. Now is the time to vigorously pursue agriculture. At present, growth in the production of grain, cotton, oil-bearing crops, and meat cannot catch up with that in demand, so there will not be problems with inventory backlogs or produce sales. This is an extremely good opportunity for increasing inputs in agriculture. In the long run, China's industrial development will not slow down, and demand for agricultural products will continue to grow. Grain may still not be sufficient even by the end of this century. Changes in food rations and food processing will generate a great need for grain, so there will be a massive long-term demand for agricultural and sideline products. At present, we must get peasants fully motivated for production, and pay special attention to correctly guiding them to grow more grain and cotton; work toward full development in agriculture, forestry, animal husbandry, sideline occupations, and fishery; and pursue secondary and tertiary industries in rural areas on the foundation of a developed agriculture.

To seize opportunities, it is necessary to ride the crest and push agriculture up to a new level as soon as possible, giving it and rural work great room for development. By 2000, the key targets are to give four "one thousands" to agriculture: One hundred billion jin more grain, 10 million dan more cotton, 10 million more tonnes of meat, and 10 million more tonnes of aquatic products [in the vernacular the preceding figures are expressed as multiples of 1,000], the most important of which is to attain a new level for grain. The country will

be peaceful when there is enough grain. To realize these goals, this year we must focus on increasing the effective supply of agricultural products, peasants' incomes, local financial income, and output and harvests. Bumper harvests on all fronts of agriculture will definitely pave the way for agricultural development and prosperity for peasants, and ensure the sustained, rapid, and healthy development of the national economy.

To ride the crest, the most important thing is to pursue and implement down to the last detail the series of policies on agricultural development unveiled by the party Central Committee. Some in the series of good central policies and measures have not been implemented where they were intended. At present, the key is to check the implementation of established policies and measures. Ministries, commissions, provinces, regions, cities, and counties must all check progress in implementation. They must make a real effort, for time and tide wait for no one. In implementing these policies we must attack specific problems, such as how to increase inputs, stabilize the agricultural contingent, boost agriculture-supporting industries, and so on, one by one, in such a way that efforts are made with specific targets in mind, and force applied in the right areas and at the critical points. Find the right angle to start the implementation efforts, which must be concentrated on work to reap bumper harvests. Reaping bumper harvests and increasing the effective supply of agricultural products have a bearing on the entire national economy. They are not only economic, but also political issues; and they must be resolutely tackled. Without natural disasters, we will work to reap bumper harvests. With natural disasters, we will fight them, and still work to reap bumper harvests.

Let us, led by the party Central Committee with Jiang Zemin as the core, be of one mind, make concerted efforts, ride the crest to a higher level, pursue agriculture, reap bumper harvests, increase the supply of agricultural and sideline products, and contribute our share to curbing inflation.

Guangdong Seeks To Preserve Acreage of Farmland

HK2501060995 Beijing CHINA DAILY in English 25
Jan 95 p 3

[By Wang Rong: "Food Before Golf on Southern Land"]

[FBIS Transcribed Text] Guangzhou—With land for crops disappearing, Guangdong Province is striking out against non-agricultural development on farm land.

The Guangdong Land Bureau has come up with three targets: stopping the illegal occupation of land, converting idle land into agricultural use, and canceling the construction of golf courses.

The Pearl River Delta, with the most acute shortage of land, is the focus of the new regulations.

About 30 percent of the illegal occupation cases should be cleared up by June, and all cases are expected to be wrapped up by next summer.

Most land which has been allocated but left unused will be returned to crop cultivation by spring. Golf courses [subhead]

New golf courses may become a rare sight.

The province will cancel golf projects that either locate in these places or have not started construction.

The Standing Committee of the Guangdong People's Congress passed a proposal earlier this month designating 2 million hectares as basic farm land areas until the year-2020.

No non-agricultural projects are to be built on the land.

Additionally, Guangdong plans to establish a fund for agricultural construction in the basic land areas.

Statistics from Guangdong Land Bureau show that the province has 22,667 hectares of farmland lying idle, scattered around economic development zones, real estate sites and areas pegged for city expansion.

As many as 40 golf courses have been set up in the region, all around the Pearl River Delta.

With its rapidly developing economy, the Pearl River Delta is eating up more and more farmland.

Jilin Reports Grain Procurement

95CE01831 Beijing JINGJI RIBAO in Chinese 26 Dec 94 p 1

[FBIS Summary] As of 19 December, Jilin Province had procured 3.6 million tons of contract grain, fulfilling 83 percent of the task.

Xinjiang Farmers Encouraged To Reclaim Desert Land

OW2401162195 Beijing XINHUA in English 1511 GMT 24 Jan 95

[FBIS Transcribed Text] Urumqi, January 24 (XINHUA)—Wang Guoze, a farmer in the Tarim basin of the Xinjiang Uygur Autonomous Region, is planning on building a modern family farm which produces, processes, and sells farm produce, aquatics and forest products.

The 56-year-old farmer has had contracts for nearly 670 hectares of arable land to grow grain and cotton over the

past several years. He harvested 800,000 kg of grain and 410,000 kg of cotton during the past three years, netting 5 million yuan in profits from cotton-growing alone.

Wang is among the 100 farmers who each gained 500,000 yuan in profits in 1994 by contracting to use large tracts of farmland in the Tarim, an arid, sandy zone.

Stretching 1.1 million km and covering five prefectures, the Tarim Basin is home to 75 million people from 20 ethnic groups. Some 97 percent of the land in the region is desert.

In the wake of China's economic reforms, the local government adopted a series of preferential policies to encourage farmers to reclaim large tracts of desert land.

Experienced farmers took the lead in getting contracts on virgin land and became better off through hard work. Some of them hired scores of hands or even several hundred in some cases, and introduced up-to-date agro-techniques and machinery to their farms.

In 1988, Wang Guoze turned 67 ha [hectares] of uncultivated land into fertile fields at a cost of 2.1 million yuan. In the following years, he opened up another 470 ha of land and spent 1 million yuan on farm equipment.

He also raised several hundred head of livestock and planted more than 30,000 trees.

Talking about his ambitious plans, he said that he will build a cotton gin, an edible vegetable oil refinery, and a flour mill in the near future.

Wang's success encouraged many other farmers in the region to engage in cotton-growing. Households who had contracts on large tracts of land poured tens of millions of yuan in loans into the improvement of low-yield fields and saline or alkali soil every year.

In Karata Township, there are 120 family farms, each working 6.7 ha of land. Twenty are considered big contractors with each growing crops on 33 ha of land.

These family farms pay 1 million yuan in taxes to the local government each year.

Yu Shan, a farmer of the ethnic Uygur group, earned 1 million yuan by selling 100,000 kg of cotton on his 1,100 ha of cotton fields, and remarked that, "This is a good chance for Tarim people to make money."

These newly affluent farmers played a leading role in the region's agricultural production by imparting their knowledge and agrotechniques onto their neighbors and hired hands.

East Region

Anhui Party Congress Elects New CPC Committee Members

OW2501030095 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 20 Jan 95

[From the "Provincial Hookup" program]

[FBIS Translated Text] The sixth Anhui provincial party congress held its third plenary meeting this morning in Hefei's Anhui Drama House. Of 696 delegates, except for 16 who took leave either because of sickness or because of having to attend to personal matters, 680 attended the meeting, thus meeting the quorum. The executive chairmen of the meeting included Wang Taihua, Lu Zixiu, Jiang Zehui, Chen Jiye, Wang Xiuzhi, Yang Duoliang, Li Mingjun, Song Ming, Qin Dewen, (He Jide), Yang Puxiong, (Ji Fenfen), (Qin Youyin), Chen Lanzhi, (Zhu Xuchang), Shi Weiguo, (Chen Xianzhong), (Wang Lifu), and (Wang Daojie).

Comrade Wang Taihua presided over the meeting. Through secret votes, forty six members were elected to the Sixth Anhui Provincial CPC Committee.

Fujian Licensing for Land Transfers Noted

HK2401142395 Beijing ZHONGGUO XINWEN SHE in Chinese 1306 GMT 9 Jan 95

[By reporter Sun Xianxun (1327 6343 6598): "Fujian Province Will Introduce License System for Land Transfers for Development on an Entire-Area Basis"]

[FBIS Translated Text] Fuzhou 9 Jan (ZHONGGUO XINWEN SHE)—To improve projects for developing entire areas of land, to use the land in stock flexibly, to standardize real estate trading, and to protect investors' legitimate rights and interests, Fujian Province decided a few days ago to introduce a license management system for land transfers for development on an entire-area basis.

The "Circular Concerning the Introduction of a License System for Land Transfers for Development on an Entire-Area Basis," which was issued by the Fujian Provincial Land Management Administration, urges enterprises applying for transferring or leasing land for development on an entire-area basis to tender written applications to the city and county land management departments of the localities where they are located for land transfer certificates, with materials attached. After receiving all relevant documents and materials, the city and county land departments should examine the materials, and give replies of approval or disapproval within 15 days. The circular stipulated: Those engaged in land development who have not met the land transfer conditions stipulated in their contracts are prohibited from applying for land transfer licenses.

It has been learned that the condition set by Fujian Province's contracts for developing entire areas of land is that to form a piece of land for industrial purposes or for purposes other than industrial development, the minimum condition is the "five components of infrastructure and ground leveling": running water, electricity, roads, telecommunications, sewerage, and leveling a side of construction.

The circular stipulated: Unlicensed land transfers or leases are not protected by the law. Local land management departments will not handle registration procedures for changes in land use rights. The land transferred or leased before this circular was issued should go through additional procedures for land transfer licenses.

Fujian Province now has approved 117 projects for the development of entire areas of land, of which 90 percent are being undertaken by foreign-owned or joint-venture enterprises using Chinese and foreign investments, and 90 projects now have started construction, with an investment in infrastructure construction amounting to 4.1 billion yuan. The areas developed on an entire basis now have imported more than 1,300 projects from abroad, with an overseas investment totaling \$4.1 billion, of which 655 projects have been constructed and put into operation. However, some such development areas have not yet started construction, and they are engaged in selling land and projects for a profit.

Editorial on Jiangsu's Modernization Goals

OW2401004695 Nanjing XINHUA RIBAO in Chinese 26 Dec 94 pp 1-2

["Editorial: Magnificent Goal, Great Mission—Greeting the Victorious Closing of the Ninth Jiangsu Provincial Party Congress"]

[FBIS Translated Text] At the Ninth Jiangsu Provincial Party Congress, Comrade Chen Huanyou declared with a firm and loud voice: Our task from now on is to unite and lead the Jiangsu people to comprehensively achieve a relatively comfortable living standard by the end of this century. On the basis of realizing the second-step strategic objective, we must seize the opportunity to march toward the third-step strategic objective and basically achieve modernization by the year 2010. As soon as he finished the statement, the audience immediately broke into loud applause. This is the common desire of congress deputies. It also represents the strong wishes of Jiangsu's vast number of party members, cadres, and people to basically achieve modernization in 15 years.

Basically achieving modernization in 15 years was the distinctive theme of this congress. During the congress, deputies discussed goals, strategies, future tasks, and enthusiastically outlined the blueprint for Jiangsu's modernization. When this goal is realized, Jiangsu will become a well-off province of economic prosperity that is scientifically and educationally developed, and that possesses a sound legal system and characteristics of an

advanced society. In addition, Jiangsu will strive to attain a level equivalent to that of the world's moderately developed nations.

Modernization is a goal which several generations of our people have firmly pursued. However, during the years when class struggle was considered a guiding principle, this was only a beautiful dream for the people. During the years when food and clothing was insufficient, this was also a distant good wish. However, under the guidance of the party's line since the Third Plenary Session of the 13th CPC Central Committee and through Jiangsu people's common struggle, we are able to cast off poverty and make the historical transition from just having enough food and clothing to a state of leading a relatively comfortable life, in addition to embarking on the new and great journey toward modernization. To the Jiangsu people, modernization is no longer a beautiful dream nor just good wishes. Modernization is like a rising sun with rays shining above the horizon. It is like a building with its blueprint drawn, foundation laid, and outline established. It has become a banner that brings the people together, rouses the people's fighting spirit, and spurs the people to continue their progress.

Today, the modernization blueprint is laid before us. The people are happy and inspired, as well as full of pride and enthusiasm. They fully believe that they can score victories. This is because the rich experiences accumulated in the past 15 years have laid down a solid foundation for our future development. Moreover, we can ponder problems with a wider field of vision and from the international and domestic angle in general. Internationally, the accelerated pace of industrial shift and restructuring, the rise of the pan-Pacific economic circle, as well as rapid development of the world's science and technology have provided us with excellent opportunities to import more international capital and technology as well as open up international markets. Domestically, there is sustained economic development as well as social and political stability. The Chang Jiang delta is becoming the new focus of development. In Jiangsu, while the southern part and Chang Jiang regions continue their rapid development, the northern area is showing its development potential. The province's overall development level will be raised. The implementation of development strategy for Chang Jiang regions, the construction of the Suzhou Industrial Park, the gradual development and opening up along the Donglong railway, along coastal regions, and along the banks of the Great Canal will provide good opportunities for quickening Jiangsu's economic development. All these conditions are extremely favorable for Jiangsu to achieve modernization earlier. Of course, there are numerous difficulties on the road to progress. However, we firmly believe that, with past achievements and experiences, good opportunities offered by the general international and domestic environments, as well as the wholehearted and arduous struggle of Jiangsu's 70 million people, no difficulties can block us. We will overcome all of them.

This congress forwarded the thought on realizing this magnificent goal in two stages, as well as outlined plans on specific tasks for the next five years. Jiangsu is to vigorously implement the strategy of promoting development through science and education; the strategy of promoting international economy; and the strategy of promoting joint development for regions. In addition, the province will adopt measures in 10 aspects.

It must be pointed out that while advancing toward the goal of modernization, our efforts should not be simply an extension of the tasks for realizing the objectives of the first two stages. Instead, our tasks should carry new characteristics for the new period.

If we have aimed our efforts in the past 15 years at breaking through the restraint of the planned economic system and promoting market regulation, then we should aim our reform efforts during the new period at gradually promoting the overall establishment of the socialist market economic system. If we have taken important steps in developing an open economy in the past 15 years, we should then strive to establish a pattern of comprehensive and multi-directional opening up for quickening Jiangsu's internationalization process during the new period. If Jiangsu's economic development in the past 15 years has been notably characterized by a large number of mainly medium- and small-sized village and town enterprises capable of seizing development opportunities with their flexible mechanism, then while carrying forward this advantage during the new period, it is necessary to quicken the development of scale economy by establishing large enterprise groups centered on backbone enterprises that produce highly competitive products. This is to upgrade Jiangsu's overall industrial structure and quality. If many localities and enterprises in Jiangsu have mainly depended on expansion and opening up to achieve rapid economic growth in the past 15 years, then during the new period they should quicken scientific and technological progress as well as the process of optimizing the economic structure to truly move onto the development path centered on economic efficiency. If southern Jiangsu's early development and rapid growth in the past 15 years have contributed largely to the province's realization of a relatively comfortable living standard, then while continuing to quicken the development of southern Jiangsu and Chang Jiang regions during the new period, we should accelerate the development and opening up of northern Huai He regions, so as to promote joint development for the southern and northern regions. All these indicate that we should adopt new thoughts for realizing new goals. Therefore, we must institute new measures for emancipating the people's minds. The people must adopt modern thoughts that correspond to social and economic modernization. While implementing the three major strategies and 10 measures, we must uphold mind emancipation and practical work. We must be bold to explore and practice as well as be creative in our work.

The party's strong leadership is the fundamental assurance for realizing the magnificent goals of Jiangsu's

modernization. It has been proven in history that in the process of trying to realize a relatively comfortable living standard for Jiangsu, the vast number of party members have struggled arduously to contribute toward the cause. They are worthy of the glorious name of advanced elements. However, the tasks are more strenuous for realizing the goals of modernization. Party organizations at all levels and party members in the province must always stay at the forefront of times and shoulder the great mission entrusted by history and the people. We must realistically strengthen the socialist spiritual civilization and party building. We must lead party members and cadres to earnestly study and master Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as consciously apply this theory in solving major problems and providing guidance for work. We must consciously safeguard the party Central Committee's authority, while skillfully combining central policies and principles with actual conditions of local regions and departments to bring about more effective results in our tasks. We must earnestly implement the three tasks in organizational work forwarded in the "Decision" of the Fourth Plenary Session of the 14th CPC Central Committee to enhance the party's cohesive force and fighting power. We must unswervingly engage in anticorruption struggle, continue to strengthen the building of a healthy party style and honest administration, and forge closer ties with the people. Leaders and cadres at all levels must further improve their leadership methods and styles; upgrade their leadership level; work hard and honest; be practical; struggle arduously; and strive to achieve prosperity for Jiangsu. We must display the party's fundamental aim, fine style, and mass line as well as truly accomplish various tasks in practice.

"The rate of Jiangsu's development should be faster than that of the national average"—this is not only Comrade Deng Xiaoping's high hopes on Jiangsu's economic development, but also a test of the century for us. Since reform and opening up, we have spent about 15 years to basically realize the second-step strategic objective and bring about historical and huge changes to Jiangsu. This is a fairly good answer for this test. We must spend another 15 years to try to achieve the third-step strategic objective to basically realize Jiangsu's modernization so as to submit a more satisfactory answer for the test. We will prove with action that we will definitely not fail to live up to the great trust of history.

We must achieve our goal. We can definitely achieve our goal.

Jiangxi Governor Inspects Life at Grass-Roots Level

HK2401073695 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 19 Jan 95

[FBIS Translated Excerpt] During an inspection of Yongfeng and Yongxin Counties in Ji'an Prefecture from 15 to 17 January, Governor Wu Guanzheng

stressed the need to emancipate the mind, to be practical, to bring forth increases in agricultural production, industrial results, revenue, and the peasants' income, to stimulate Jiangxi's economic development, and to improve the people's lives. While in Ji'an Prefecture, Wu Guanzheng went to peasant homes, workshops, and markets to learn about the masses' lives and production and local economic work. He held talks with prefectural and county leaders on measures to develop Ji'an's economic experimental zone. Wu Guanzheng inspected farming in Yongxin County and expressed satisfaction over the growth of rape. He stressed: Agriculture is the foundation of the national economy. In the course of producing grain, cotton, and oil-bearing crops, it is necessary to develop a high-quality, high-yield, and highly efficient agriculture, to increase the investment in agriculture, and to improve crop yields, including mountainous areas. [passage omitted]

After visiting the Ganjiang Pharmaceutical Factory, Wu Guanzheng encouraged the factory to seize the opportunity for a faster reform of its operational mechanism to form an annual production capacity of 10,000 metric tons of vitamin C. He asked about the operation and production of the Luling Textile Factory. He stressed: In industrial development, we must focus on exploiting local conditions, increase the impetus of reform, and reform old enterprises. There is a need to strengthen enterprise management, implement the production responsibility system, raise all economic and technological indices, explore markets for a reduction of overstocked commodities, develop fast-selling products, make up deficits, and reduce the number of money-losing enterprises.

In Yongfeng County, he visited Guangenhe Pharmaceutical Company Limited and Ludi Pharmaceutical Factory, which are both foreign-invested enterprises. When learning that there are 24 foreign-invested enterprises in this remote county, Wu Guanzheng expressed his satisfaction and asked them to further widen the scope of opening up for more foreign capital and to expedite their export-oriented economies.

Wherever he went, he visited grass-roots staff members and asked them about their lives. He said: Communist Party members must always show concern for the masses, remember them, and make good arrangements for their lives.

On the morning of 16 January, Wu Guanzheng made a special trip to Lianhuaping village in Yongxin County, where he held talks with the villagers and asked them about the work of helping the poor. [passage omitted] THIS

Jiangxi Province Sees 18 Percent Economic Growth

OW2401092095 Beijing XINHUA in English 0840 GMT 24 Jan 95

[FBIS Transcribed Text] Nanchang, January 24 (XINHUA)—1994 saw an 18 percent growth in the gross

domestic product in east China's Jiangxi Province over 1993, topping 100 billion yuan (11.9 billion U.S. dollars).

This represented a three-time increase over the 1980 figure and fulfillment of the target set in the Eighth Five-Year Plan (1991-1995) one year ahead of schedule.

The latest figures from the provincial statistics bureau show the total output of agriculture in the province in 1994 grew 10 percent following rapid growth for five years running while the industrial output value increased 25 percent over 1993.

In 1994 the province used 450 million U.S. dollars in overseas investment, an increase of 31 percent over 1993.

The country's economic growth rate was 11.8 percent last year.

Shanghai CPC Committee Holds Plenary Session

OW2401004095 Shanghai JIEFANG RIBAO 19 Chinese
29 Dec 94 pp 1, 3

[Unattributed report: "Mobilize the Whole Party and People of Shanghai To Again Create a New Situation in Building Material and Spiritual Civilizations—the Sixth Shanghai Municipal CPC Committee Holds its Third Plenary Session; Huang Ju Delivers an Important Speech; Xu Kuangdi Relays the Guidelines of Relevant National Meetings on Various Topics"]

[FBIS Translated Text] Shanghai's targets for the next three years are to continue to ensure sustained, rapid, and healthy development of the economy; to noticeably improve the quality of the city's economic operations; to basically establish a modern enterprise system and socialist market economic management mechanisms; to make major breakthroughs in developing the functions of the Pudong New Area; to bring into full play Shanghai's role to serve the whole country as a resource distribution center; to basically complete the framework of a highway network with elevated roads; to accelerate the construction of selected major urban functional infrastructural facilities; to ensure that work in all social sectors is developed simultaneously and coordinated with economic construction; and to noticeably improve the quality of residents' life.

The Third Plenary Session of the Sixth Shanghai Municipal CPC Committee was held from 26 to 28 December at the municipal exhibition center. Huang Ju, member of the CPC Central Committee Political Bureau, secretary of the Shanghai Municipal CPC Committee, and mayor of Shanghai, delivered an important speech entitled "Usher in the Three Years Ahead and Create a New Situation Under the Guidance of the Theory of Building Socialism With Chinese Characteristics." Xu Kuangdi, deputy secretary of the municipal CPC committee and vice mayor of Shanghai, relayed the guidelines of the recent national meetings on planning work, financial and

taxation work, economic and trade work, economic restructuring, and foreign trade.

The task of the session was, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, to thoroughly carry out the guidelines of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and of the central economic work conference; to review and sum up Shanghai's work in the past three years; to set forth the idea of the city's work for the next three years; to mobilize the whole party and people of Shanghai to continue to adhere to the general guideline of "seizing the opportunity, deepening reform, broadening the scope of opening up, accelerating development, and maintaining stability" for the work of the whole party and country; from a new and higher starting point, to again create a new situation in building socialist material and spiritual civilization in Shanghai; and to diligently work to build Shanghai as soon as possible into one of the world's international economic, financial, and trade centers.

The session maintained that, since 1992, under the guidance of the guidelines of the 14th CPC National Congress and Comrade Deng Xiaoping's important remarks made during his south China inspection tour, party members, cadres, and the masses of Shanghai have persisted in emancipating their minds and in seeking truth from facts; have done things in light of reality; have taken the initial steps to implement the development strategy of developing Pudong and building Shanghai into one of the world's international economic, financial, and trade centers; have made positive efforts to explore new ways for carrying out reform, opening up, and development in a super-size city; and have endeavored to achieve the objective—set by Comrade Deng Xiaoping for the people of Shanghai—of Shanghai putting on a new face every year and undergoing a big change every three years. The session held that, since 1992, Shanghai's economy has developed rapidly and in a sustained and healthy manner, its overall economic strengths have been raised to a new level, rapid strides have been made in the city's modernization and transformation work, Shanghai's face has undergone many new changes, its economic restructuring has continued to advance, the scope of its opening to the outside world and to other localities of the country has been further broadened, Pudong's development has begun to yield results, promotion of spiritual civilization has been carried out extensively and in depth, efforts to build socialist democracy and a socialist legal system have been stepped up, work in all social sectors has developed, and the city residents' self confidence and cohesive power have become stronger.

The session pointed out: The process of Shanghai's development over the past three years has been a very telling process of practice in which we advanced under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the

party's basic line. We must make use of and develop the precious experience we gained during the process. We should firmly adhere to the correct political course; actively seek new ways for Shanghai's development; correctly handle the relationships between reform, development, and maintaining stability; always tightly grip with two hands; and truly strengthen the building of the party, especially the building of the ranks of cadres.

After reviewing Shanghai's work of the past three years, the session stressed: All achievements Shanghai has scored should be attributed to the correct leadership of the party Central Committee and the State Council, to the warm concern shown for Shanghai by revolutionaries of the older generation, to the solid foundation laid by preceding municipal party committees, to the forceful support given to Shanghai by all departments of the central authorities and by all fraternal provinces and municipalities, and to the hard work done by cadres and the masses of Shanghai. We must have an open mind and be prudent, work in a down-to-earth manner, and strive for greater achievements from a new starting point.

The session maintained: The 1990's are a crucial period for Shanghai to achieve its grand development strategic goal of developing Pudong and building Shanghai into one of the world's international economic, financial, and trade centers. From 1992 to the end of this century, Shanghai's economic development can roughly be divided into three 3-year stages: The past three years were a period in which Shanghai underwent a big change; the next three years will be a period for Shanghai to further create a new situation; and the last three years of this century will be a period for Shanghai to achieve the objectives set for the 1990's by the sixth municipal conference of party delegates. Over the next three years, we should further emancipate our minds; seek truth from facts; endeavor to make progress; continue to seek ways for Shanghai's development; strive to maintain the good trend of reform, opening up, and economic construction; and make new contributions to the nation's efforts to strengthen and improve macroeconomic regulation and control and to ensure that the economy develops rapidly and in a sustained and healthy manner. While ensuring sustained economic growth, we should pay greater attention to improving the overall quality of Shanghai's economic operations; while accelerating the construction of urban infrastructural facilities, we should pay greater attention to raising the city's management level and to improving the city's ecological environment; while endeavoring to establish a modern enterprise system we should pay greater attention to improving new mechanisms and systems; while further developing Pudong and rejuvenating Shanghai, we should pay greater attention to making Shanghai face the world and to enabling it to serve the whole country; and while striving to raise Shanghai's economic construction to a new level, we should grip the situation tighter with two hands. Shanghai's targets for the next three years are to continue to ensure a sustained, rapid, and healthy development of the economy; to noticeably improve the quality of the

city's economic operations; to basically establish a modern enterprise system and socialist market economic management mechanisms; to make major breakthroughs in developing the functions of the Pudong New Area; to bring into full play Shanghai's role to serve the whole country as a resource distribution center; to basically complete the framework of a highway network with elevated roads; to accelerate the construction of selected major urban functional infrastructural facilities; to ensure that work in all social sectors is developed simultaneously and coordinated with economic construction; and to noticeably improve the quality of residents' life.

The session pointed out: In the next three years we must further raise the overall quality of the national economy by changing the way of economic growth. We should vigorously promote the strategic adjustment of the industrial structure, further strengthen Shanghai's function as a key city, and accelerate the development of new and high technologies. Centering on the work of establishing a modern enterprise system, we should promote the reform of the economic structure in an all-round way, lay stress on establishing large enterprise groups, and quicken organizational reform of enterprises. Reform measures should be coordinated well with each other. Enterprises should positively enter the market and become the main force in market competition. We should develop an export-oriented economy, open wider to the outside world, expand international markets in all directions, and develop range and quality in utilizing foreign capital. We should give full play to Pudong's role as the "leading force" and further develop and open up Pudong. We should actively open up to other parts of the country and to the outside world and fully develop Shanghai's economic functions in banking, trade, and export-processing. We should form an operational system of market economy to conform to international practices as quickly as possible. We should take the improvement of city communications as a breakthrough point to strengthen modernized construction and administration of the city in an all-round way. We should improve the city's ecological environment, and turn Shanghai into an orderly, highly efficient, civilized, and safe city. With the goal of raising people's quality and civilization, we should further promote the building of spiritual civilization in all districts and achieve practical results. We should further raise the living standards of people in urban and rural areas on the basis of economic development, lay stress on improving the quality and environment of life, and constantly satisfy people's increasing material and cultural needs.

The session pointed out: Next year will be a crucial year for consolidating the achievements made in Shanghai during the past three years and to realize the goals of the new three-year development plan. It will also be the last year to fully accomplish the Eighth Five-Year Plan. In the new year, we must raise economic results, quality, and efficiency in all our work. We should step up the trial of the modern enterprise system in selected units, and further improve the social security and market systems.

We should do a good job in adjusting the industrial structure and lay stress on developing the six pillar industries. We should actively, rationally, and effectively utilize outside capital, and attract world-renowned multinational companies to make long-term investment in Shanghai. We should complete a number of major municipal construction projects according to the schedule, and strengthen municipal administration with special emphasis on communications, environment, and sanitation. We should do a good job in implementing the "vegetable basket" project, and ensure the effective supply of principal agricultural and sideline products. We should resolutely curb inflation and straighten up order in circulation. We should adopt effective measures to guarantee the basic living needs of low-income personnel. Centering around the demand of the municipal party committee on fulfilling the three-year and one-year plans, we should pay attention to planning, grasping key issues, starting work in a prompt manner, and achieving actual results to ensure the successful accomplishment of next year's goals and tasks.

The session pointed out: Over the past several years, party organizations at various levels have concentrated their efforts to grasp party building based on the party's basic line and have assured the vigorous development of the party's work. In order to effectively fulfill the party's historical heavy tasks under the new situation, we must closely follow the party's basic line, further understand and fully implement the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, and faithfully implement the tasks set by the party Central Committee on party building. We should strengthen the party's ideological building, organizational building, and work style improvement in an all-round way, increase the rallying and fighting power of party organizations, and provide a strong organizational guarantee for realizing various goals of the new three-year plan. First of all, we should attach importance to study. We should persist in arming the party members, especially leading cadres, with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We should organize all party members to study the theory of building socialism with Chinese characteristics and the party Constitution in a planned and systematic manner in under three years. Party members should repeatedly study Comrade Deng Xiaoping's original works, understand the essence, grasp the scientific thesis, and constantly raise their ideological and theoretical levels. Party members should creatively employ the theory to solve the current major issues in Shanghai.

Second, we should grasp the building of leading bodies and vigorously train and cultivate a contingent of cadres who have both ability and political integrity. We should raise the quality of present leading cadres in an all-round way and waste no time in training and promoting outstanding young cadres. We should strictly implement the system of democratic centralism, further foster and enhance the concept of taking the overall situation into consideration, effectively implement the principles and

policies of the party Central Committee, use concrete action to defend the authority of the party Central Committee, and ensure the smooth implementation of policies and administrative decrees. We should further develop democracy within the party and strengthen concentration on the basis of giving full play to democracy. Third, we should attach importance to our work at the grass-roots level. We should fully develop the role of party organizations at the grass-roots level as fighting bastions and the role of party members as vanguards and models. We should consider the "increase of rallying power" of the party as a starting point to strengthen and improve party organizations at the grass-roots level in Shanghai, and gradually establish a work system under which party organizations at the grass-roots level can maintain close contact with the masses, publicize the party's line among the masses, and organize and unite with the masses. We should constantly strengthen the rallying and fighting power of party organizations at the grass-roots level. Fourth, we should improve our work style and adhere to the mass line of wholeheartedly serving the people. We should further strengthen party spirit, enhance party members' consciousness, and consciously maintain and carry forward the party's fine traditions and style. We should further enhance our sense of the masses, and persist in doing everything for the masses and relying on the masses in all things. We should be modest and prudent, and maintain a progressive attitude, carry forward a work style of doing practical things, achieve actual results in all work, and strive to achieve a new breakthrough in our work. We should further strengthen the building of an honest government and maintain the party's healthiness and purity organizationally, systematically, and legally. Fifth, we should pay attention to formulating a good system. We should gradually formulate a new system and standard in party building. We should seriously and constantly improve the current system, and study and formulate a new work system.

Members and alternate members of the municipal party committee and observers at the meeting held serious and enthusiastic discussions on Comrade Huang Ju's important speech and the "main points of work for 1995 set by the Shanghai Municipal CPC Committee." Comrades taking part in the meeting held that the 1990's are a very important period for Shanghai's economic and social development. Amid the worldwide historical change and in our country's great practice of reform, opening up, and building modernization, we must seize the opportunity to develop Shanghai and strive to implement the strategy of "developing Pudong and building Shanghai into one of the world's international economic, financial and trade centers." This is an earnest expectation of the party and the state toward Shanghai, and is also an honorable and arduous mission of the whole party and all people in Shanghai.

The meeting called on all party members, cadres, and masses in Shanghai to closely rally around the party Central Committee with Comrade Jiang Zemin at the

core; work and struggle with concerted effort to fully accomplish various tasks in the next three years under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; and make new contributions to fulfilling the fighting goals in the 1990's put forward by the Sixth Shanghai Municipal CPC Congress and building Shanghai into a modernized socialist city and an international economic center.

The session decided to let Comrades Ling Rong [0407 2837] and Pan Longqing [3382 7893 3237], alternate members of the Shanghai Municipal CPC Committee, fill vacancies of members of the municipal party committee.

Fifty-three members and alternate members of the municipal party committee attended the plenary session. Alternate members of the CPC Central Committee in Shanghai; members of leading party groups of the municipal people's congress and municipal committee of the Chinese People's Political Consultative Conference; members of the municipal commission for discipline inspection; cadres of various departments, committees and offices; responsible cadres of various districts, counties and bureaus; responsible cadres of the trade union council, youth organization and women's federation; responsible comrades of the units of the People's Liberation Army stationed in Shanghai and the Armed Police Corps, totaling 192 people, attended the session as observers.

Shandong Boosts Rural Telecommunications Network

OW2401074895 Beijing XINHUA in English 0657 GMT 24 Jan 95

[FBIS Transcribed Text] Ji'nan, January 24 (XINHUA)—The total telephone capacity had topped one million lines in the rural areas of east China's Shandong Province by the end of last year.

Sources at the local posts and telecommunications bureau said the province poured more than 700 million yuan into the construction of telecommunications facilities in its rural areas last year, adding a telephone switchboard capacity of over 300,000 lines, and bringing the total number to nearly 1.02 million.

According to the sources, 92 counties in Shandong have telephone networks, including 42 newly-built ones.

Some 70 percent of the lines have access to international calls, and 80 percent have access to domestic long-distance calls. Meanwhile, 92.9 percent of the telephones have digital transmission systems.

Most of the telephone subscribers are located in the eastern coastal areas.

Shanghai Finalizes 1995 Industrial Blueprint

OW2401054195 Shanghai JIEFANG RIBAO in Chinese 6 Jan 95 p 1

[Article by Qiu Xin (5941 2450) and Ren Shi (0117 0670): "Shanghai's Industrial Blueprint For This Year Has Been Finalized—The Goal Is To Continue The Three 'Major Tasks'"]

[FBIS Translated Text] Shanghai's industrial blueprint for this year has been finalized. It calls for improving the quality and efficiency of industrial economic growth, increasing industrial production by 13 percent over last year, maintaining the production-sale ratio at more than 97 percent, and achieving 10-percent growth in added industrial value, 20-percent growth in the value of goods delivered for export, and 15-percent growth in export-generated foreign exchange proceeds. These are the goals of Shanghai's 1995 industrial development that were laid down at a meeting of cadres in charge of Shanghai's industrial departments yesterday.

During the meeting, cadres from the municipal economic commission called for continuing the three "major tasks" of market development, restructuring, and enterprise reform in carrying out this year's work: 1. This year, Shanghai should focus its attention on leading products whose annual output value exceeds 100 million yuan, key enterprises with annual sales proceeds of 100 million yuan or more, and major export companies that earn \$10 million foreign exchange annually as it seeks larger market share for its products through the adoption of both ambitious and modest tactics, and the combination of industry, commerce, and foreign trade. 2. This year, Shanghai should achieve 150 billion yuan in total output value for its six pillar industries; complete 18 key projects and 50 key technical transformation projects introduced from abroad; launch 26 priority projects; put into operation 50 major technical transformation projects; devote vigorous efforts to forming joint ventures or contractual joint ventures with renowned large international companies; achieve more than 100 billion yuan in annual output value for partly or wholly foreign-owned enterprises; and clear a new hurdle in making strategic adjustments to its industrial structure. 3. Experience in implementing the experimental modern enterprise system should be summed up during the first half of the year so that the system will be put into effect step by step during the second half in accordance with standardization requirements. This year, one-third of enterprises will operate within the basic framework of the modern enterprise system. Moreover, Shanghai should nurture dominant industries and enterprises, and form a number of large conglomerates. Vice Mayor Jiang Yiren attended and spoke at the meeting.

Zhejiang Province Registers Fast Economic Growth in '94

OW2401012595 Hangzhou ZHEJIANG RIBAO in Chinese 31 Dec 94 p 1

[By reporter Wang Ruilin (3769 3843 2651)]

[FBIS Translated Text] It has been learned from the provincial statistics bureau that Jiangsu registered fast economic growth in 1994. The total value of goods and services for the province for the year is estimated at 265 billion yuan, up 21.3 percent over the previous year, making 1994 another year of high growth since China started reform and opening to the outside world.

Sustained growth was achieved in industrial output. The total value of industrial output from January to November stood at 540.1 billion yuan, up 56.9 percent over the corresponding 1993 period. There are three main factors for the increase: first, 68.4 percent of the increase of the output value of industrial enterprises at the township level or higher came from light industry; second, 88 percent of the output value increase the industrial sector came from rural industries; third, 22 percent of the sales volume increase of industrial enterprises at the county level or higher came from goods submitted for export. The sales rate of industrial products was 93.2 percent from January to November due to good coordination between manufacturing and marketing.

The rate of increase in fixed asset investments fell. Investment by state-owned enterprises in fixed assets from January to November was 29.6 billion yuan, up 56.3 percent over the corresponding 1993 period; the rate of increase fell by 47.1 percent compared to the corresponding 1993 period.

The brisk consumer goods market was a sharp contrast to the sluggish capital goods market. The total volume of retail sales from January to November was 87 billion yuan, up 47 percent over the corresponding 1993 period; when price increases were factored in, the actual growth rate was 20.4 percent. The monthly increase in sale volume grew larger by the month and annual total volume of retail sales is expected to reach 96.3 billion yuan, up 42 percent over 1993; the actual growth rate is estimated at around 16 percent when adjusted for inflation. The sale volume of capital goods by supply departments stood at 77 billion yuan from January to November, registering a mere 1.4 percent growth.

New progress was made in developing an export-oriented economy. Export from January to November amounted to \$5.6 billion, up 39.6 percent over the corresponding 1993 period and overfulfilling the annual export quotas. Imports amounted to \$1.68 billion, up 29.5 percent. From January to October, the province approved 2,077 jointly or exclusively foreign-invested enterprises involving contracted foreign investment amounting to \$890 million, up 11 percent over the corresponding 1993 period.

Financial and banking reforms proceeded smoothly and the situation was basically normal. Income rose both in cities and the countryside. The per-capita income of urban residents that could be used for living expenses from January to November was 4,266 yuan and the cash income of peasants in the first three quarters was 2,000

yuan, representing an increase of 11.9 and 9.4 percent, respectively. It is estimated that the actual growth of per capita income for the whole year is estimated at 6.8 percent for urban residents and 6 percent for rural residents. Growth was uneven from region to region and between different income brackets.

Central-South Region

Shenzhen Revamps Industrial Restructuring Policies

HK2401112295 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0950 GMT 5 Jan 95

["Special Article" by reporter Lin Hua (2651 5478): "Deviations in Shenzhen's Implementation of Industrial Policy"]

[FBIS Translated Text] Shenzhen 5 Jan (ZHONGGUO TONGXUN SHE)—Shenzhen succeeds in obtaining its high growth-rate economic development by rapidly obtaining the basic conditions for economic takeoff—capital, market, and work force—chiefly by relying on policy effects and geological advantages. Beyond a doubt, preferential policies are important to the economic development of all localities, but they are capable of bringing the locality only transient advantages, playing the role of starting the ball rolling. Such being the case, in order to maintain lasting advantages, the local economy must place the focus of economic development on organizing structural and industrial advantages in a timely manner, and on converting its economic operations from relying on policy to relying on its own advantages during the period when the policy remains effective. Otherwise, its advantages can hardly be maintained as soon as such preferential policies are spread. Shenzhen is facing the difficulty of gradually losing such policy advantages.

Shenzhen's leadership tier knows very well the importance of industrial advantages, and the industrial policy it set out is correct. Nearly all reports by the city party committee and government placed "developing hi-tech industry" in an important position. Shenzhen, as a new-rising city, used to possess unique advantages for developing hi-tech industry by relying on its advantages in qualified people. On the strength of this unique advantage, it could have widened the gap in the grades of industrial set-up between itself and the Zhu Jiang Delta to improve its own competitiveness. Regarding Hong Kong, the scientific and technological strength of which is relatively weak, hi-tech industry is all the more a link attracting Hong Kong's strength. Nevertheless, Shenzhen has lost many opportunities in the implementation of its industrial policy.

At the initial stage of the special economic zone, Shenzhen could have conducted strict selection in importing projects and in initiating enterprises based on the requirements of its industrial policy so as to ensure technological content and grades. At that time, however,

Shenzhen was "not so picky and choosy, but like a hungry person," and imported a good many labor-intensive projects. Such being the case, its industrial set-up has been similar to the Zhu Jiang Delta from the very beginning. Of course, Shenzhen also has imported some hi-tech projects, but generally speaking, this practice has not shaped into a climate as of today.

Since the 1990's, national economic readjustment has made Shenzhen earnestly consider the theme of industrial restructuring, and it has made some arrangements. Soon, however, Shenzhen was swept by the real estate and stocks craze. In speculating in land and stocks, the government and enterprises easily reaped huge profits. Under the condition of comparative interest, the government obviously relaxed its efforts to implement its industrial restructuring plan, nor were enterprises ready to research, produce, and develop new products. By the end of 1993, Shenzhen's gross industrial output value was some 60 billion yuan, of which the output value of hi-tech projects accounted for only 14 percent, around 9 billion yuan to be precise. Furthermore, the so-called "hi-tech products" included electronic products for civilian use such as television sets, hi-fi equipment, and CD players. Now that the craze for real estate and stocks has seemed to cool down, when the Shenzhen authorities summarize the barren fruit of its industrial restructuring, they will find the deviation in the implementation of its industrial policy. To change this situation will depend on the determination and efforts the Shenzhen authorities will exert.

Zhao Fulin Speaks at Guangxi Zhuang CPPCC Session

HK2401071795 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 14 Jan 95

[FBIS Translated Excerpt] The third meeting of the Chinese People's Political Consultative Conference [CPPCC] Seventh Guangxi Zhuang Autonomous Regional Committee was solemnly opened in Nanning on the afternoon of 14 January. Chen Huiguang, chairman of the CPPCC autonomous regional committee; Vice Chairmen Zhong Jiazuo, Long Chuan, Huang Yuyang, Lu Yannan, Wei Ruilin, Hou Depeng, Yao Kelu, Wu Keqing, Ma Minglong, and Mo Xuguang were seated on the rostrum.

Party, government, and military leaders of the autonomous region Zhao Fulin, Cheng Kejie, Ding Tingmo, Ma Qingsheng, Li Zhenqian, Peng Guikang, Li Enchao, Yuan Zhengzhong, Huang Baorao, Li Jiwei, Wei Jisong, Shi Zhaotang, He Bin, Du Jingyi, Zhang Dunhao, Zhang Mujie, Lei Yu, Lu Bing, Gong Pingqiu, (Mao Guobing); and Huang Renwen, president of the Regional Higher People's Court, and Wei Jianeng, chief prosecutor of the Regional People's Procuratorate, were present at the meeting to extend their greetings and were seated on the rostrum.

The meeting was presided over by Chairman Chen Huiguang. There are a total of 604 members of the

CPPCC seventh autonomous regional committee, and 531 of them attended the meeting, which procured a quorum. [passage omitted]

Provincial Party Secretary Zhao Fulin made an important speech at the meeting. After affirming the achievements scored by the CPPCC autonomous regional committee over the past year, he set demands on the CPPCC work this year. He said: 1995 is a very important year in the course of our country's reform, opening up, and modernization drive. In the new year, CPPCC organizations at all levels and all CPPCC members must, by firmly focusing on the central work of the party and the state, unswervingly unite with the masses of various nationalities to support government measures for deepening reform, organize relevant experts and scholars to conduct in-depth investigations and studies of new conditions and problems encountered in reform and development and to put forth suggestions and countermeasures, and upgrade the practical results and quality of participation in administering and discussing state affairs. It is necessary, by giving full play to the CPPCC's superiority in gathering talent from wide areas and having connections with all sectors, to go deep into the realities of life to forge close ties with figures of various nationalities and from all walks of life, to vigorously propagate the party Central Committee's principles and policies, to integrate the thinking and actions of CPPCC members at all levels and of the masses with the theory of building socialism with Chinese characteristics and the basic party line, and to reflect social conditions and public opinion so that the situation at the lower levels is known to the higher levels and vice-versa. It is necessary to put forth important opinions and suggestions for policies made by party committees and governments so as to bring about a scientific and democratic policy-making process. While centering on economic construction, the building of a democratic legal system, and the building of clean government, it is necessary to strengthen democratic supervision by CPPCC members at all levels and by the masses so as to promote economic development and bring about a favorable turn of social atmosphere once and for all.

He stressed: Party committees at all levels must continue to enhance their leadership over and extend strong support to CPPCC work, whereas CPPCC committees at all levels must also strive to improve their own work and take the initiative and be active in reflecting their conditions to party committees so as to gain the latter's understanding and support. It is necessary to work through reform to strengthen the work of various panels and to give play to all CPPCC functions. It is necessary to advance CPPCC work to a new level by fully strengthening the building of CPPCC organs, improving the quality of cadres, and building up a contingent for CPPCC work who have deep love for the CPPCC undertaking and a fine style of thinking and work.

Reportage on Guangxi People's Congress

Chairman Gives Report

HK2501025495 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 16 Jan 95

[FBIS Translated Excerpt] The Third Session of the Eighth Guangxi Autonomous Regional People's Congress opened solemnly in the Nanning Opera House on the morning of 16 January. Huang Baoyao, vice chairman of the regional people's congress standing committee, presided over the meeting. Of the 720 regional people's congress deputies, 651 attended the session. Zhao Fulin, executive chairman of the session and chairman of the presidium, as well as Ting Dingmo, Ma Qingsheng, Huang Baoyao, Li Jiwei, Wei Jisong, Shi Zhaotang, He Bin, Du Jingyi, Zhang Dunhao, and Zhang Mujie were seated in the front row of the rostrum. [passage omitted]

Regional Chairman Cheng Kejie gave a government work report on behalf of the regional people's government, saying: In the past year, politics have remained stable in the region, nationality solidarity has prevailed, the economy has developed, society has progressed, and the people's living standards have improved. On the whole, the situation is good. This finds expression mainly in the following aspects: Last year, the region's gross domestic product [GDP] amounted to 118.3 billion yuan, an increase of 13 percent over the previous year calculated according to comparable prices. Primary industry grew by 3 percent, secondary industry by 23.8 percent, and tertiary industry by 11 percent. The region reaped a comparatively good agricultural harvest, its industrial production grew steadily, its fixed-asset investment increased, key construction projects proceeded faster, good achievements were made in opening up to the world, revenue increased, and the financial situation was stable.

In his report, Cheng Kejie pointed out the general requirements for this year's work: Promoting all reforms, with the focus on state-owned enterprises; strengthening macroeconomic regulation and control so as to curb inflation; maintaining a good national economic development trend; strengthening the position of agriculture as the foundation of the national economy; comprehensively developing the rural economy; improving the quality and results of economic growth; making the region's economic growth rate higher than the country's average, and higher than the region's average in the 1980's while keeping the region's population growth rate lower than the state-set target; making initial arrangements to have the region's GDP growth at 11 percent; fulfilling the second target of quadrupling the GNP five years ahead of schedule; increasing primary industry by 5 percent, secondary industry by 16 percent, and tertiary industry by 10 percent; increasing the region's revenue by 10 percent; controlling commodity price increases at about 13 percent; and controlling the population's natural growth rate below 13.5 per thousand.

Cheng Kejie continued: To achieve these objectives, there is a need to fulfill the following tasks: 1) Strengthening the position of agriculture as the foundation of the national economy and striving for a comprehensive agricultural harvest; 2) Improving quality and economic results, and maintaining steady industrial growth; 3) Carrying out key construction projects and expediting the construction of sea-bound passageways; 4) Firmly controlling excessive price increases; 5) Widening the scope of opening up, and effectively utilizing foreign capital; 6) Promoting all reforms, with the focus on state-owned enterprises; 7) Increasing revenues, reducing expenditures, and improving the work of releasing loans; 8) Making positive efforts to develop science, technology, and education; 9) Adhering to the principle of helping the poor to exploit local resources and expediting the work of helping poor areas to escape poverty; 10) Paying close attention to family planning and environmental protection, strictly controlling population growth, and resolving environmental pollution; 11) Strengthening socialist spiritual civilization, and establishing the democratic and legal systems; and 12) Losing no time in formulating the Ninth Five-Year Plan.

In conclusion, Cheng Kejie stressed: For Guangxi, 1995 is a year of hope, of endeavor, and of triumph. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, let us firmly rely on the people of all nationalities throughout Guangxi in scoring greater victories in reform, opening up, and modernization.

Zhao Fulin Elected Chairman

HK2401054495 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 21 Jan 95

[FBIS Translated Text] On the afternoon of 21 January, the third session of the eighth regional people's congress called its fourth meeting to hold a by-election for the chairmanship of the eighth regional people's congress standing committee and to elect a vice chairman of the eighth regional people's congress standing committee and a vice chairman of the regional government.

He Bin, executive chairman of the presidium and vice chairman of the regional people's congress standing committee, presided over the meeting. A total of 643 deputies attended the meeting, thus providing a quorum. The meeting first adopted a list of chief scrutineer and scrutineers.

After a secret ballot, Zhao Fulin and Peng Guikang were elected chairman and vice chairman of the Guangxi Zhuang Autonomous Regional People's Congress Standing Committee, and Feng Hengao was elected vice chairman of the Guangxi Zhuang Autonomous Government. The conference hall erupted with warm applause when the results were announced.

Executive chairmen Ma Qingsheng, Huang Baorao, Li Jiwu, Wei Jisong, Shi Zhaotang, Du Jingyi, Yuan Zhengzhong, Lin Baoguang, Chen Yuping, and Peng Weizhong were seated in the front rows of the rostrum

Interview With Zhao Fulin

HK2401081295 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 21 Jan 95

[Interview with Zhao Fulin, secretary of the Guangxi Zhuang Autonomous Region CPC Committee and chairman of the Guangxi Zhuang Regional People's Congress Standing Committee, on 21 January by unidentified station reporter; place not given—recorded]

[FBIS Translated Excerpt] As far as my election as chairman of the regional people's congress standing committee is concerned, I want, first of all, to extend my thanks to all the deputies to the third session of the eighth regional people's congress, as well as to the region's 44 million people of various nationalities, for their trust and support. [passage omitted]

In my opinion, there are three requirements for accomplishing the work of people's congress: First, it is necessary to uphold party leadership. People's congresses and their standing committees must be placed under party leadership and this is an important principle which must be followed in doing the work of people's congresses. Our country's system of people's congresses is a people's democratic system led by the party. Only when it is led by the party can the role of the people's congresses system be brought fully into play. A people's congress is an independent body to strengthen and perfect [word indistinct] party leadership. Upholding party leadership is compatible with giving full play to the role of state-power organs. Party leadership mainly refers to ideological, political, and organizational leadership. [passage omitted]

Second, it is necessary to forge close ties with the masses. The people's fundamental interests and common will are starting points for the work of every state organ. Only when people's congresses and their standing committees forge close ties between deputies and the masses, give full expression to the opinions and demands of the masses, and pool the wisdom of the people can they really represent the will of the people and the fundamental interests of the masses. It is necessary to exercise the functions and powers of the state according to law, to formulate laws and regulations and make decisions in light of actual conditions, and to seek truth from facts. [passage indistinct] A very important thing for forging close ties with the masses is to give full play to the role of deputies to people's congresses and to forge close ties between people's congresses and the masses. This is the basis for accomplishing the work of people's congresses. [passage omitted]

Third, it is necessary to implement the principle of democratic centralism. [passage indistinct] People's congresses and their standing committees must give full

expression to democracy according to the principle of democratic centralism. [passage indistinct] It is necessary to solicit opinions on the basis of fully carrying forward democracy.

Therefore, we must keep perfecting the working system of people's congresses, standing committees, and panels as well as the system of holding sessions and discussions and further improving the quality and efficiency of discussion. [passage omitted] [end recording]

Hainan Leaders Attend Seminar on Market Economy

HK2501103095 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 23 Jan 95

[FBIS Translated Excerpt] The 23d of January saw the opening of Hainan's 1995 theoretical seminar, during which Hainan cadres from all levels discussed ways to expedite the development of the market economy. Present at the seminar were provincial leaders, including Ruan Chongwu, Du Qinglin, Yao Wenxu, Wang Xiaofeng, Chen Yuyi, Wang Houhong, Cai Changsong, Wang Xueping, Pan Qiongxiang, Wei Zefang, and Chen Hong. [passage omitted]

Du Qinglin, Wang Xiaofeng, Chen Yuyi, Wang Houhong, Cai Changsong, and Lin Mingyu made speeches on special topics at yesterday's seminar.

In his speech, entitled "Forming a New Development Pattern for Hainan," Du Qinglin [chairman of the provincial people's congress] said: To create new strong points, Hainan must develop from partial to overall openness, and from regional openness to openness of an industrial nature, so as to increase the impetus of openness.

In his speech, entitled "A Correct Development Trend of Enterprise Reform," Wang Xiaofeng [deputy secretary of the provincial party committee] pointed out the need to adapt oneself to the demands of the market economy, to formulate enterprise policies that are in line with the market economy, and to establish a modern enterprise system. [passage omitted]

Hunan Holds Meeting To Discuss Unemployment

HK2501113795 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 20 Jan 95

[FBIS Translated Text] Hunan faces three big difficulties in 1995: Heavy employment pressure, many factors causing instability in work relations, and old-age pension system reform lagging behind. Therefore the provincial labor department held an employment arrangement meeting in Changsha yesterday [20 January] to discuss ways to make breakthroughs in these three difficulties.

It has been learned that the province provided employment for 175,000 job-seeking people last year, controlling the job-seeking rate at 3.71 percent. This year, employment problems will become more conspicuous,

with 460,000 people waiting for employment. More surplus rural laborers, estimated at 500,000, will move to cities or other provinces to look for jobs. This year, almost 600,000 redundant employees of state-owned enterprises will move out of these enterprises for other jobs.

To deal with these problems, the provincial labor department asked all labor departments throughout the province to expedite their old-age pension system reform, to strengthen and improve macroeconomic regulation and control over enterprises' gross payroll, to help redundant employees find jobs, to expand unemployment insurance coverage, and to improve relief work for the unemployed so as to reduce the impact of unemployment on society.

Vice Governor Zhou Bohua attended and addressed the forum.

Hunan Trade Meeting Calls For Increased Reform

HK2401043195 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 15 Jan 95

[FBIS Translated Excerpt] At the closing ceremony of the provincial economic and trade work meeting yesterday, Wang Maolin, secretary of the provincial party committee, stressed: Increasing the impetus of reform in 1995 is the only way for industrial and commercial enterprises to get out of their difficulties. Therefore all levels of party, government, and enterprise leaders must further emancipate their minds, change their thinking, thoroughly free themselves from the confines of the planned economy, adapt themselves to the socialist market economy, and bring about a fundamental change for the better in enterprise economic results.

This three-day economic and trade work meeting made arrangements for this year's industrial production, transportation development, and financial and trade work. The meeting pointed out: In this year's industrial production and transportation, the province must first focus on transforming the operational mechanism, establishing a new system, and deepening state-owned enterprise reform. Second, it must increase the impetus of structural adjustment, cultivate pillar industries, and effectively support the steel, iron, nonferrous, tobacco, and building materials industries, which can develop into pillar industries. In addition, it must also develop the automobile, paper-making, ceramics, leather, food, and textile industries. Third, it must strengthen its management over enterprises to improve their economic results. Fourth, it must strengthen its leadership to improve the comprehensive coordination of economic operations.

In the finance and trade fields, the meeting worked out a plan on implementing this year's shopping basket project, strengthening and improving macroeconomic regulation and control, ensuring market stability prosperity, strengthening circulation structural reform, and

transforming enterprise operational mechanisms. The meeting pointed out that this year and next, curbing excessive inflation will be the main target of governments at all levels.

Secretary Wang Maolin gave an important speech at the meeting, Vice Governor Zhou Bohua made arrangements for this year's industrial production and transportation work, and Vice Governor Zhou Shichang made arrangements for financial and trade work. [passage omitted]

Nankun Railway To Join Southwest, Coastal Region

OW2401164695 Beijing XINHUA in English 1347 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (XINHUA)—The Nankun railway, connecting three capital cities in southwest China's Guangxi's Autonomous Region, and Yunnan and Guizhou Provinces, will lay 345 kms [kilometers] in tracks in 1995.

The railway, part of the nation's effort to connect the southwestern areas with coastal regions, has a length of 897.1 kms, with a handling capacity of 20-30 million tons a year.

It will link Nanning, the capital city of Guangxi, with Kunming, the capital of Yunnan, and the Hong Guo Railway Station in Guizhou.

By the end of 1994, 165 kms had been laid, amounting to 18.6 percent of the total length of the railway.

According to the State's railway ministry, the railway, which began construction December 24, 1990, will be finished by the end of 1997, and will promote the development of the economy in the region, which is rich of natural resources but lacks a proper transportation system due to its mountainous terrain.

Southwest Region

Guizhou Holds Provincial Economic Work Conference

Secretary, Governor Address Meeting

HK2001084695 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 6 Jan 95

[FBIS Translated Text] The provincial economic work conference opened yesterday in Guiyang. Provincial party, government, and military leaders Liu Fangren, Chen Shineng, Wang Chaowen, Long Zhiyi, Wang Siqi, Wang Guangxian, Yuan Ronggui, Li Wanlu, Wang Shouting, Xia Guohua, Huang Yao, Hu Xiansheng, and Yu Zhonggui and vice chairmen of the provincial people's congress standing committee and vice governors of the province attended the meeting. Leaders of all provincial departments and commissions and leaders of all

prefectures and cities of this province, including principal responsible officials of the planning commission, economic and trade commission, finance department, and the industrial and commercial administrations at local levels, also attended the meeting.

The main agenda of the meeting is to relay, study, and implement the spirit of the central economic work conference; review this province's reform and development over the past year; analyze the current situation; unify people's thinking; clearly ascertain the general requirements and the main tasks in this year's economic work; set out the main targets in the yearly plan for economic and social development; and arrange and assign concrete tasks of reform and development.

Secretary Liu Fangren and Governor Chen Shineng made important speeches. They required people in the whole province, from top to bottom, to unify their thinking, act in a concerted way, grasp opportunities, and make efforts to fulfill all tasks specified in the Eighth Five-Year Plan.

Affirms 'Spirit' of Central Meeting

HK2001074395 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 8 Jan 95

[FBIS Translated Text] The three-day provincial economic work meeting concluded in Guiyang yesterday afternoon. Provincial leaders Liu Fangren, Chen Shineng, Wang Chaowen, Long Zhiyi, Wang Siqi, Wang Guangxian, Li Wanlu, (Wang Shuji), Xia Guohua, (Huang Rao), (Hu Xiansheng), and Yu Zhonggui attended the meeting.

This meeting implemented the spirit of the central economic work meeting in light of actual conditions, reviewed and summed up the situation of Guizhou's economic work last year, set the guiding ideology, major tasks, and focus of Guizhou's economic work this year, and made full arrangements for it.

Comrades attending the meeting had serious and lively discussions in light of actual conditions and unanimously held that this meeting was very important. After returning to their units they must implement well, in light of actual conditions, the spirit of the central and provincial work meetings, accomplish reform, development, and other tasks, and fulfill the entire national economic plan this year.

Governor Chen Shineng presided over the meeting yesterday, and Wang Guangxian, member of the provincial party committee standing committee and vice governor, gave a speech on behalf of the provincial party committee and the provincial government. He spoke on the issues of curbing inflation, improving the quality of economic growth and benefits, doing pilot projects well in building a modern enterprise system, easing capital shortage, accomplishing finance and taxation work, performing economic work well in the first quarter, and implementing the spirit of the meeting. Wang

Guangxian said: Inflation is an outstanding issue of economic development at present, and departments and enterprises at all levels bear the important responsibility for curbing it. We have to implement, in light of the actual conditions of various localities and departments, various measures to dampen excessive price increases and curb inflation in our province. We must integrate the work of curbing inflation with the work of deepening state-owned enterprise reform, bringing into play the important role of state-owned enterprises, large and medium-sized state-owned enterprises in particular, in stabilizing prices and the market and in curbing inflation.

Wang Guangxian said: Making efforts to improve the quality of economic growth and benefits is a major issue in seizing the opportunity to speed up development, which must be highlighted. We must try every possible means to upgrade and optimize structural benefits and strengthen the benefits of administration, economies of scale, and scientific and technological progress.

Wang Guangxian said: The focus of economic restructuring this year is to set up a modern enterprise system among state-owned enterprises. Apart from the (No. 4 Chemical Fiber Plant) and Kaiyang Mining Bureau, our province has also set 14 other enterprises as experimental units for establishing the modern enterprise system. He said that in launching pilot projects, we must observe the following principles: First, give play to the leading role of state-owned enterprises and ensure that state assets are under control; second, enterprise ownership, stockholders' rights, and legal entities' property rights will be separated from each other so as to safeguard the legitimate rights and interests of investors, creditors, and enterprises; third, implement the Company Law with the focus on innovating the organizational system of enterprises and making progress in their standardization; fourth, draw on, by proceeding from our country's and enterprises' actual conditions, good foreign experience and integrate it with our innovations; fifth, implement relevant associated reforms to prepare the ground for establishing the modern enterprise system; and sixth, provide detailed guidance and make steady progress, arouse the enthusiasm of localities, departments, enterprises, and workers and staff, and accomplish pilot projects. As far as the work of launching pilot projects is concerned, we must pay attention to the three key links of separating ownership of enterprises from their management, perfecting internal management of enterprises, and setting up a social security mechanism step-by-step.

Chengdu Radio Reports on Sichuan Governor

Addresses Meeting on Stability

HK2001065495 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 9 Jan 95

[FBIS Translated Text] The provincial work meeting on maintaining stability was held in Chengdu on 9 January.

Song Baorui, deputy secretary of the provincial party committee, pointed out at the meeting: At present, enterprises in this province have been incurring serious business losses. This, plus inflation, has created difficulties for the livelihood of workers in some enterprises. All local authorities should pay serious attention to social stability and take good care of the livelihood of the masses. To strengthen leadership, authorities at the upper levels should explicitly assign responsibilities to leaders at every level. Discipline education for cadres and party members should be strengthened.

Governor Xiao Yang expounded on the dialectical relationship between development and stability and between reform and stability. He said: The attitude of avoidance and the approach of retrenchment cannot help resolve the contradictions in the course of reform and development. Contradictions can only be solved through development.

To enable workers in enterprises experiencing difficulties to enjoy a happy festival, the provincial government allocated a special fund of 23 million yuan to various prefectures and cities.

Li Meng, Zou Guangyan, and other leading comrades attended the meeting.

Meets Hong Kong Entrepreneur

HK2001065595 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 13 Jan 95

[FBIS Translated Text] In the provincial government complex yesterday, Governor Xiao Yang and Vice Governor Gan Yuping met Mr. Tsui Chin-tong, chairman of the New China-Hong Kong Holdings, during which Governor Xiao Yang hoped that Mr. Tsui Chin-tong would carry out more cooperation with Sichuan in highway, aviation, and real estate businesses to jointly develop the province's economy. After the meeting, he granted an interview to ASAHI SHIMBUN reporters and answered their questions on how Sichuan is improving its investment environment and introducing foreign capital.

Attends Enterprise Leaders Forum

HK2401142495 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 22 Jan 95

[FBIS Translated Excerpt] On 22 January, the provincial party committee and government invited some state-owned enterprise directors and managers to a forum to discuss ways to improve large and medium-sized state enterprises. At the forum, on behalf of the provincial party committee and government, Xiao Yang [governor] and Song Baorui expressed spring festival greetings to staff members and workers of enterprises throughout the province. [passage omitted]

After listening to some entrepreneurs' opinions, Xiao Yang stressed: Large and medium-sized state enterprises

absolutely can be improved and invigorated. First, we must understand the central authorities' general policy with a positive attitude, retrenchment should be applied to unmarketable products, and newly growing economic areas must be supported. Second, product quality must be controlled and enterprise management must be strengthened. Third, the interest relations between enterprises and their staff members must be handled properly, as must the relations between long-term and short-term interests, and enterprises' and staff members' interests must be scientifically and closely combined. Fourth, leading groups must be formed which conform with the market economy; enterprise leaders' qualifications must be strictly assessed, and if they are not up to the required standards, they cannot be enterprise leaders. Fifth, the government must transform its functions and resolve problems remaining from the past so that enterprises can move forward with light packs. Sixth, enterprises must form an internal supervisory mechanism, become self-reliant, and receive government supervision and the supervision by their internal mechanism. [passage omitted]

Sichuan's Service Sector Sees 'Rapid' Growth

OW2201011695 Beijing XINHUA in English 0100 GMT 22 Jan 95

[FBIS Transcribed Text] Chengdu, January 22 (XINHUA)—Service industries in Southwest China's Sichuan Province experienced rapid growth last year, sources from local departments said.

The total output value from this sector stood at 70 billion yuan last year, a 16 percent increase over 1993. The retail sales volume of consumer goods totalled nearly 100 billion yuan in 1994, up 28 percent.

The construction of infrastructural facilities and financial, real estate, labor, technology, and information services went smoothly in 1994, with the tourist industry earning 95 million U.S. dollars.

Investment in service industries has been increasing in this densely populated agricultural giant over the years, with that in fixed assets reaching half of the province's total in 1993, and last year's input in this sector increasing by 80 percent over the previous year.

Sichuan Promotes Social Insurance Sector

OW2501161195 Beijing XINHUA in English 0834 GMT 25 Jan 95

[FBIS Transcribed Text] Chengdu, January 25 (XINHUA)—Southwest China's Sichuan Province made great achievements in promoting its social insurance sector in 1994.

According to the general manager of the Sichuan branch of the People's Insurance Company the province's social insurance profits saw an increase of 40 percent between 1980 and 1994.

Last year, the Sichuan branch greatly expanded its insurance coverage. By the end of 1994 it had set up more than 50 kinds of new insurance policies, including insurance for evacuees from The Three Gorges Dam construction site, joint ventures and crime victims.

Life insurance made up 35 percent of the branch's total business operations last year, double the figure in 1991.

Since 1991 the branch has handled 3.20 million items of claims, involving compensation totalling 3.3 billion yuan.

Lhasa Radio Reviews Tibet's Work in 1994

On Transportation Work

OW2401014995 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 13 Jan 95

[Third in New Year's Series: "Looking Back at '94 and Looking Forward to '95": "Steps Leading to New Places"—first two segments of the series were published in the 13 January China DAILY REPORT on pages 91-92]

[FBIS Translated Excerpt] The year 1994 was one in which important steps were made in Tibet's transportation construction. For Tibet, the only region in the nation that has neither railways nor waterways, highways have become its lifeline of survival and development. Last year, Tibet spent 560 million yuan, or 66 percent of the total amount of planned investment, in repairing and maintaining key sections of the Qinghai-Tibet Highway. It accomplished 75 percent of the total amount of the engineering work and laid the groundwork for basically completing the repair and maintenance project this year. [passage omitted]

The year 1994 was arguably one in which the largest steps were made in highway construction in Tibet's history. The region spent a total of 356.25 million yuan in highway construction, building, or renovating 325.8 km of highways.

Aviation is an important means of personnel, materials, and information flow between Tibet and the interior as well as a bridge to a modernized Tibet. In 1994, the Bangda Airport—which is located at a height of 4,334 meters above the sea level, the highest in the world—was completed on schedule and successfully passed state appraisal. The project was undertaken by the region itself with a total investment of 250 million yuan. Its completion will play an important role in promoting economic development in eastern Tibet. Construction of Lhasa's Gonggar Airport was centered on telecommunications and other auxiliary work, as the principal part of the project was already completed in 1993. At the same time, the Tibetan regional bureau of the Civil Aviation Administration of China [CAAC] made vigorous efforts to improve internal management. It also opened a new air route, Lhasa to Chongqing. Progress was made in designing the oil supply system for the Gonggar Airport,

one of the 62 projects undertaken by the Daqing Oilfield, and in preparing for the establishment of a local airline company. In 1994, the region's aviation industry transported nearly 90,000 passengers and 3,650 tonnes of cargo, ensuring the normal progress of Tibet's reform, opening up, and other construction undertakings. [passage omitted]

Views Market Performance

OW2401020195 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 14 Jan 95

[Fourth in New Year's Series: "Looking Back at '94 and Looking Forward to '95": "Prosperous Market and Brisk Sales and Demands"]

[FBIS Translated Excerpt] In 1994, Tibet's commerce system effectively carried out its work in line with the thinking of greatly building up the market, of greatly developing trade, and of greatly enlivening the distribution system, thereby playing an important role in the economic development and social stability for the entire region. [passage omitted]

The projected total retail amount of consumption goods in the region for the entire year is 2.25 billion yuan, an increase of 18.4 percent over the previous year. Along with the rapid development of urban, rural, individual economies, other economic elements including joint ventures, joint operations, and integrated production and marketing saw a continued expansion, thus injecting new vitality for the prosperity of commodity distribution in the region. By the end of 1994, the number of industry and commerce enterprises run by individuals was 33,800, with registered capital of 154 million yuan, and the number of collective commercial enterprises was 1,571, with registered capital of 410.40 million yuan.

The pace of market building accelerated last year. All levels of government changed their conceptions. Proceeding from the long-term view of developing the socialist economy, they included market building into their areas' development plans, formulated various preferential policies, invested in building or renovating markets, constantly raised the market's quality and their service functions, and effected changes in market building, which was marked in the past by uniformity. In 1994, five different types of markets were constructed throughout the entire region. [passage omitted]

While affirming the good work in the area of distribution in 1994, we should see that a market system is yet to take shape in the region, that we still face a tough task in the area of market management, that the state-owned commercial enterprises are still laden with a heavy historical burden, and that there are still distribution problems in farm and pasture areas. We still need to exert great efforts to realize the goal of making the people comfortably well off and of increasing production in the region.

Reviews Progress in Opening Up

OW2401032095 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 15 Jan 95

[Fifth in New Year's Series: "Looking Back at '94 and Looking Forward to '95": "Tibet's Door Opens Up the Vast Vistas"]

[FBIS Translated Text] By breaking the region's prolonged closure and opening up wider to the outside world, Tibet made new headway in foreign trade, tourism, and exchanges in 1994. In foreign trade, we adhered to the guiding principle of promoting opening up with trade, development with opening up, and economic growth with development; and made full use of the central authorities' special policies toward Tibet in actively expanding export and import trade. The total volume of two-way trade amounted to \$367 million, which represented a 250 percent increase from 1993. While giving priority to promoting foreign trade, we combined Tibet's advantages in resources and special policies with the introduction of talented personnel, technology, capital, and managerial expertise from outside the country and the region, achieving fruitful results in importing capital and managerial expertise. Last year, the region approved 17 foreign-funded enterprises, negotiated the induction of \$10.45 million in foreign capital and 14.45 million yuan in renminbi, reviewed and accepted five international aid projects totaling \$10 million and 770,000 yuan in renminbi, and used one foreign loan in the amount of \$4.5 million.

When the 1994 Tibet-Nepal Business Negotiation Conference was held in the Nepalese capital of Katmandu in mid-September, Tibet sent an 150-member economic and trade group, the largest ever sent by the region to abroad. During the conference, the Chinese and Nepalese signed a motor vehicle transportation agreement; the Tibet Branch of the People's Bank of China and the Nepalese Royal Bank signed an agreement on letter-of-credit settlement; and the regional foreign transportation company and the Nepalese Royal Transportation Company signed an agreement on transit transportation. The overall environment for conducting trade with neighboring countries was improved.

Last year, tourism was recovered and developed in Tibet. A total of 28,000 foreign tourists visited Tibet, up 12.9 percent. Business revenues and profits were 117 million yuan and 22 million yuan respectively, an increase of 25.8 percent and 59.8 percent from 1993. The recovery of tourism spurred the growth of other related trades and yielded more and more conspicuous social benefit. In addition to tourism, revenues from civil aviation, admission fees to scenic spots, posts and telecommunications, souvenir stores, and other sectors also grew, reaching a total of 63 million yuan.

Last year, Tibet actively carried out exchanges with foreign countries and stepped up publicity toward foreign countries. The region received 242 persons in 38

groups and teams from more than 30 countries and regions, and dispatched 121 cultural performing artists in 14 groups abroad. Tibetan artists visited and performed and staged exhibitions in Australia, France, Sweden, Slovakia, Czech Republic, Romania, Poland, Nepal, and the Republic of Korea, as well as Hong Kong, Macao, and Taiwan. Through friendly exchanges with various governmental and nongovernmental organizations and individuals in various countries of the world, the Tibetan artists introduced the face of socialist New Tibet to the world.

The opening to the outside world has brought not only investment, employment, and trade opportunities to Tibet; but also has enabled more people to understand the truth about Tibet, has eliminated the effects of distortion and propaganda by splittist forces outside the territory, and has promoted social stability in a more profound sense.

Views 'Big Development'

OW2401032995 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 16 Jan 95

[Sixth in New Year's Series: "Looking Back at '94 and Looking Forward to '95": "Big Steps, Big Efforts, Big Development"]

[FBIS Translated Excerpt] At the beginning of 1994, pursuant to the decision of the Third Plenary Session of the 14th CPC Central Committee, the regional party committee and government put forward the following reform guidelines: Judge everything by its beneficial effect on the development of productive forces; seize opportunities; push work in all fields while concentrating on key areas; maintain the same economic framework as that in the rest of the country and link up with the rest of the country in structure; and proceed from Tibet's reality, take firm action, adopt flexible policies, and maintain steady steps. With its focus placed on establishing a socialist market economic structure, the region instituted reform plans and measures in nine areas, including state-owned enterprises, finance and taxation, investment, foreign trade, circulation, social security, and public housing. Economic structural reform of the last year was unprecedented in terms of intensity, scope, and level. It constituted a key step in the region's endeavor to establish a socialist market economic structure.

1. Enterprise reform: The region implemented in a deep-going way the Enterprises Law, the Regulations Concerning the Transformation of the Operational Mechanism of Industrial Enterprises Owned by the Whole People, and implementing measures enacted by the autonomous region. Enterprises themselves deepened three reform measures to improve efficiency and further define property rights. Enterprises' external environment also improved. Governments at all levels changed their functions, reduced the burdens on enterprises, and continued to grant decisionmaking power to

enterprises, thereby creating a favorable environment for the development of enterprises.

2. Finance and taxation reform: A uniform income tax at a lower rate on domestic-funded enterprises was adopted. The state budget regulatory tax and cash award tax levied on state-owned enterprises and funds collected from them for construction of key energy and transport projects were abolished. A taxation system consisting mainly of value-added tax was instituted. A new individual income tax was introduced. [passage omitted]

3. Circulation structural reform: Individuals and collectives were encouraged to participate in commodity circulation. At the same time, price reform was actively pursued to establish a mechanism by which prices are set by market forces. [passage omitted]

4. Foreign trade structural reform: A unitary foreign exchange rate was adopted along with the rest of the country. A unitary, regulated floating foreign exchange rate based on supply and demand was adopted. At the same time, a preferential policy designed to encourage exports was instituted. [passage omitted]

5. Social security system reform: The region expanded the pool of old-age insurance and increase the premium based on the policy of adjusting expenses to revenues to arrive at a slight surplus. All workers in state-owned enterprises, state organs, and state institutions were brought under coverage. [passage omitted]

6. Public housing reform: After raising public housing rents, the region provided subsidies to in-service and retired workers. At the same time, experiments on selling public houses were carried out. [passage omitted]

7. Reform of the investment structure for fixed assets and reform of the capital construction management structure. [passage omitted]

Reviews Capital Construction

OW 2401034095 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 17 Jan 95

[Seventh in New Year's Series: "Looking Back at '94 and Looking Forward to '95": "New Buildings, New Roofs Year After Year"]

[FBIS Translated Text] In 1994, Tibet paid keen attention to the efficiency and speed of capital construction while ensuring its quality throughout the region; and achieved better coordination in designing, constructing, and managing projects, thereby pushing capital construction work in all fields to a new height.

1) Large-scale input to capital construction: Investments on fixed assets, excluding those for projects commemorating the 40th anniversary of the establishment of the autonomous region, totaled 2.025 billion yuan. Of this, 1.935 billion yuan were for capital construction and 90

million yuan, for upgrading technology; and 1.365 billion yuan came from the central government's budgetary funds and 200 million yuan, from the local budget under unified arrangements.

2) A high completion rate of projects: Of the 80 above-the-quota capital construction projects under the regional evaluation plan, 72 were completed and put to use before the end of the year; or 90 percent of the projects were completed. A total of 1.93 billion yuan were spent on fixed asset construction, or 96 percent of the annual investment plan.

3) Speedy, quality construction of key projects: Of the 14 key construction projects, the repair of the Bamda Airport and the construction of the (Luobusa) chromite, the Shannan chromite, and the Zetang-Gonggar highway had been completed and put into production or operation, raising the region's production capacity and efficiency. The construction of the (Yanghu) and (Chanong) power stations and repair of the Qinghai-Tibet and Sichuan-Tibet Highways fulfilled or overfulfilled the annual construction targets.

4) Rational investment orientation and structure: Investments in transportation, energy, communications, and the basic, raw, and semi-finished industries were increased, thereby boosting these sectors' capability to support the region's economic development. In distributing investments to various parts of the region, efforts were made to ensure balance between areas with different levels of economic development.

5) A good start in constructing the projects for celebrating the 40th anniversary of the establishment of the autonomous region: Of the 62 projects assisted by the state and various provinces, municipalities, and regions, preparations had been completed for 55 before the end of last year; construction had been started for 32; and a total of 326 million yuan had been invested in these projects. Of these projects, the (Langju) geothermal station had resumed operation after 4 million yuan investment; and the 10 million yuan technical transformation project for the Lhasa Cement Plant's rotary furnace had been completed and put into operation. The relevant regional departments took the initiative to coordinate with each other, and insisted on high standards and strict requirements in selecting construction personnel, ensuring material supply, and managing construction sites, thereby laying a sound foundation for launching all construction projects.

6) Improved management in capital construction: The concept of achieving significant efficiency for major construction projects took shape. Centering around efficiency, efforts were made to experiment with a complete set of investment and construction standards for information, design, verification, before-construction bidding, management, auditing, and after-construction evaluation. As a result of deregulating the design market, before-construction bidding work was in full swing and the construction market was brisk throughout the region.

In reviewing various construction designs, inactive construction standards which had been used all along previously were replaced with legal norms, market prices, and [words indistinct], thereby lowering the cost of construction while truly reflecting changes in construction costs.

Views Industrial Performance

OW2401043995 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 18 Jan 95

[Eighth in New Year's Series: "Looking Back at '94 and Looking Forward to '95": "March Forward in the Face of Difficulties"]

[FBIS Translated Excerpt] The region's industry, which had a fairly weak foundation, encountered severe challenges last year. However, as masters of the country, the vast number of cadres and workers on the industrial front brought into full play their subjective initiative and took advantage of the favorable conditions of their respective enterprises to simultaneously carry out the tasks of tapping the potential of existing enterprises, upgrading technology, improving management, and implementing reform measures. Using the market as their guide, they concentrated on improving economic efficiency. As a result, output value, sales revenues, taxes delivered to the state, and profits earned for the whole year all rose. Their success played an important role in promoting the region's economy and maintaining its social stability.

It is estimated that the region's industrial output value for 1994 will reach 535 million yuan, an increase of 12 percent over the previous year. The volumes of major products, all showing large increases, are as follows: electricity, 427 million kwh; mineral ores, 115,000 tonnes; cement, 147,000 tonnes; leather, 51,000 sheets; beer, 2,000 tonnes. The ratio of the industrial output value to the combined output value of industry and agriculture rose 1 percentage point from that of the previous year. The 1994 industrial growth rate was the highest in the Eighth Five-Year Plan.

Generally speaking, industries were able to overcome unfavorable conditions and difficulties and displayed the following distinguishing features in 1994:

1. They acquired a stronger sense of market and made concrete progress in adjusting product mix. [passage omitted]
2. They absorbed rising production costs by tapping the potential of existing enterprises. [passage omitted]
3. They attached greater importance to enterprise management. [passage omitted]
4. They accelerated the pace of building new plants, which will lead to future industrial growth. [passage omitted]

5. Construction of key projects proceeded smoothly, resulting in increased capacity for sustained industrial growth. [passage omitted]

Tibet Sees 'Upsurge' in Studying Deng's Theory

OW2401042195 Lhasa XIZANG RIBAO in Chinese 2 Jan 95 p 1

[Report by XIZANG RIBAO reporter Zhang Lei (1728 7191): "An Upsurge in Learning Theory Has Been Launched in This Region"]

[FBIS Translated Excerpt] The situation of studying theory has been very good in this region since the convocation of the 14th CPC National Congress. At present, an upsurge in studying theory has been launched in the entire autonomous region. [passage omitted]

On 29 December 1994, Huang Yusheng, deputy director of the propaganda department of the regional party committee, spoke at a regional symposium on studying the theory of building socialism with Chinese characteristics and discussing major practical issues. He said: Although we have promoted a good common practice of studying theory in the entire region, the study is still inadequate in range and quality. [passage omitted]

Laba Pingcuo, vice chairman of the regional people's government, also spoke at the meeting. He pointed out: The current symposium is a general review of past theoretical work in this region and also a mobilization meeting for theoretical work in the future. He said: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has a great guiding significance to major policies and specific work in Tibet. To change the backward outlook of Tibet, accelerate development in Tibet and realize long-term stability in Tibet, we must arm the minds of cadres and masses with this brilliant theory. He pointed out: The purpose of studying theory is to apply it. We should use the theory of building socialism with Chinese characteristics to study, analyze, and solve problems in our practice and to guide our practical work. He called on theoretical workers to make efforts to study important and new issues and be courageous to take the first step.

Du Tai, executive deputy director of the propaganda department of the regional party committee, put forward specific demands on theoretical study and research in the whole region. He stressed that theoretical workers must join their efforts to study some major issues in a planned, organized, and practical manner.

Qun Jiao, deputy director of the propaganda department of the regional party committee, and responsible members of concerned departments also attended the symposium.

Tibetan Edition of FORTNIGHTLY CHAT Published

OW2001164795 Beijing XINHUA in English 1611 GMT 20 Jan 95

[FBIS Transcribed Text] Lhasa, January 20 (XINHUA)—The Tibetan edition of "FORTNIGHTLY

CHAT", a popular magazine covering the country's policies and current affairs, made its official appearance today in this capital city of southwest China's Tibet Autonomous Region.

The magazine is published by XINHUA NEWS AGENCY, with more than five million copies per issue.

In addition to the Chinese-language edition, the magazine is published in the languages of three of China's ethnic minorities: Mongolian, Uygur and Korean.

Two trial issues of the magazine in Tibetan have been published before.

Guo Chaoren, president of XINHUA, wrote an introductory article for the official Tibetan edition, titled "All for the Stability and Development of Tibet."

Guo worked in Tibet for 14 years.

Ngapoi Ngawang Jigme, vice-chairman of the Chinese People's Political Consultative Conference National Committee, and local leaders wrote congratulatory inscriptions for the magazine.

Yunnan Secretary Attends Organizational Work Meeting

HK2001075195 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 12 Jan 95

[FBIS Translated Excerpt] At a provincial organizational work meeting this morning, Pu Chaozhu, secretary of the provincial party committee, stressed the need for all levels of leading cadres to put party building on their agenda, strengthen their sense of urgency and responsibility, carry out their work in a down-to-earth manner, cooperate with each other, and strive to blaze a new trail in Yunnan's reform, opening up, and modernization.

Pu Chaozhu said: All levels of party organizations must fully understand the great strategic significance of improving leading cadres' quality as well as training and selecting young and competent cadres transcending the 20th century. [passage omitted]

Over the last few years, we have done a great deal and made great achievements in this respect. But there are still many problems. In particular, the selection of fine and young cadres cannot meet the demand of the situation. Therefore all levels of party committees must pay close attention to this and take effective measures to make breakthrough progress in three to five years.

Pu Chaozhu stressed: Yunnan is a multinational border province. Training and selecting ethnic cadres is an important guarantee for Yunnan's economic development, nationality solidarity, stability, and prosperity. All levels of party organizations must improve their understanding of this point. [passage omitted]

On how to train and select fine and young cadres, Pu Chaozhu pointed out the need to resolve these three problems: 1) Adhering to the criteria, emancipating the

mind, and changing the mentality; 2) widening the perception, relying on the masses, and boldly selecting; and 3) having a clear idea of the target, working out measures, and setting requirements. [passage omitted]

We must promote cadres in their thirties and forties who have both ability and political integrity to party leading groups at the county level and above. We must boldly promote those who are especially outstanding. [passage omitted]

Pu Chaozhu continued: Organizational departments serve as consulting and operational agencies for party committees in carrying out party building. They must take effective measures to bring about this change, namely a change from exercising management over cadres to exercising management over party building. They must use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to educate and arm cadres. Organizational work must serve economic construction and the party's overall interests of seizing the opportunity, deepening reform, widening the opening up scope, stimulating development, and maintaining stability. [passage omitted]

Yunnan Secretary Addresses Party Training Course

HK2401084095 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 15 Jan 95

[FBIS Translated Excerpt] The Yunnan Provincial CPC Committee Party School's eighth training course on three basic principles for leading cadres at and above the county level ended yesterday. Pu Chaozhu, secretary of the provincial party committee and president of the party school, addressed the closing ceremony, saying: In recent years, China's production has developed, reform has proceeded smoothly, society has remained stable, and personal income has increased. Last year Yunnan made great achievements in all fields. Leaders at all levels must strengthen their sense of mission and responsibility and must seize this rare historical opportunity to improve themselves.

Pu Chaozhu pointed out: The main points for Yunnan's work in 1995 are: One, studying and disseminating Deng Xiaoping's theory of building socialism with Chinese characteristics, encouraging the study style of combining theory with practice, and improving cadres' study. Party members' rotational training and carrying out propaganda among the masses serve as an impetus for propelling this year's work. Two, strengthening agriculture as the foundation of the national economy, improving rural work, setting off an upsurge of farmland irrigation construction, expediting the development of township and town enterprises, popularizing applied agricultural technology, and deepening rural reform. Three, invigorating large and medium-sized state enterprises and taking this as the focus of this year's economic structural reform. Four, carrying out party building, which is the guarantee for making a success of all jobs this year. There is a need

to improve grass-roots organizations, including party branches in factories and rural areas, to profoundly implement the instructions the provincial organizational work meeting, improve cadres' quality, seek and train outstanding young cadres, actively recommend skilled personnel, improve our understanding of the importance of the party's democratic centralism, and hold meetings of criticism and self-criticism.

Yunnan Governor on Social Development Investment

HK2001075295 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 12 Jan 95

[FBIS Translated Excerpt] Yesterday the provincial government called a meeting on the governor's work, to review the implementation of the 57th executive meeting's decision on expediting social development. The meeting decided to muster 4 billion yuan to carry out some 50 social development projects focused on science, technology, and education, to bring about coordinated economic and social development in the province. [passage omitted]

Before the meeting concluded, Governor He Zhiqiang made a summation, saying: With the powerful support of the provincial government and people from all walks of life, all the work on expediting the social development projects decided by the 57th executive meeting has proceeded smoothly. Some of the projects have started and others are being prepared.

He Zhiqiang stressed: To ensure fast development in Yunnan's social undertakings during the Ninth Five-Year Plan, all construction projects decided by the 57th executive meeting must be carried out without loss of time, except some individual projects that will be adjusted. In addition, the guidelines for an increase in social development investments throughout the province for the period leading to the year 2000 must now be worked out. The capital mustered for social development and construction projects during this period must be put in the Ninth Five-Year Plan and into the orbit of the legal system. A provincial coordinating group must be formed with Vice Governor Zhao Shumin as group leader and other relevant leaders as group members, to strengthen coordination and leadership. This year the investment in social development will be increased by 200 million yuan. From now on, the province's educational investment will be annually increased by 2 to 3 percent on the basis of the percentage set by China's educational reform and development program, so that the province's social development will catch up with the country's average in the year 2000. [passage omitted]

After listening to a report by the provincial civil affairs department on natural disasters in 1994, Governor He Zhiqiang stressed: Now the people in mountainous areas are facing a problem of how to survive with their grain shortage and spend the Spring Festival. Governments at all levels must help these people with grain to tide them

over their grain shortage and to spend the Spring Festival happily. They must immediately start this work and make good arrangements. The provincial government will send regards- conveying groups to disaster-stricken counties to help them tackle their difficulties. It will also hold a special meeting to make arrangements for the lives and production of the people in disaster-stricken areas. [passage omitted]

Yunnan Governor Addresses Financial Work Meeting

HK2401071695 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 13 Jan 95

[FBIS Translated Text] The provincial financial work meeting, which lasted four days, concluded today. Governor He Zhiqiang attended the meeting and made an important speech. He pointed out: We must have a proper understanding of the current economic situation, sum up our experience, and take further actions to accomplish financial work this year.

Comrade He Zhiqiang said: In 1994, the provincial party committee and the provincial government made elaborate arrangements for various reforms, laid down detailed supporting measures and methods for implementation in light of the actual conditions of Yunnan, and strengthened coordination and control to overcome every difficulty, thus ensuring smooth introduction of various reforms and steady economic development. After a year's efforts, various new mechanisms are operating in a healthy manner, the national economy also maintains a good trend of development amidst reform, and all of the targets of economic and social development laid down in early 1994 were fulfilled. Calculated on the basis of constant prices of 1990, the gross value of industrial and agricultural output of the whole province reached 89.4 billion yuan. Of this, gross value of industrial output was 64.2 billion yuan, up 17.6 percent over the previous year, and gross value of agricultural output was 26.3 billion yuan, up 4 percent. GNP reached 82 billion yuan, up 10 percent.

In reviewing economic work last year, Comrade He Zhiqiang said: First of all, several important economic targets hit all-time highs, among which grain yield reached 11.4647 million tons, exports earning foreign exchange and the gross export turnover of the whole province reached \$897 million; the aggregate income of township and town enterprises reached 35 billion yuan; the per capita income of peasants increased from 675 yuan in 1993 to 803 yuan; the per capita living costs and income of urban residents reached 3,000 yuan; the balance of urban and rural residents' savings reached 35.1 billion yuan, registering a net increase of over 10 billion yuan; and railway transport exceeded 10 million tons. Second, the key role of state-owned enterprises in the overall economy was brought into full play, and profits realized by 60 large and medium-sized enterprises owned by the provincial authorities were 39.7 percent higher than that of the previous year. The index

of state-owned enterprise economic benefit continued to occupy a leading position among other parts of the country. Third, the superior status of key industries was further consolidated. On the basis of high-speed growth of tobacco and cigarette production for several years in a row, the output of cigarettes last year reached 6.11 million cases, 26.7 billion yuan of profits and taxes were realized, and the amount of realized tax revenue exceeded 20 billion yuan, reaching 21 billion yuan; \$220 million of foreign exchange was earned through export. The whole province's sugarcane output was 9.2 million tons, and the output of sugar should exceed 880,000 tons, and 660 million yuan of profits and taxes were realized.

In reviewing economic work last year, Comrade He Zhiqiang also fully affirmed Yunnan's achievements in key construction projects, the campaign for helping the poor, the development of new key industries, and opening up to the outside world.

As for financial work of the whole province this year, Comrade He Zhiqiang said: Accomplishing financial work this year is of great significance to fulfilling the Eighth Five-Year Plan and implementing the Ninth Five-Year Plan.

He emphatically pointed out: As far as the primary tasks of financial work this year are concerned, we must first perfect the system, settle conflicts, consolidate results, earn more, and realize normal operation of the new system. Second, we must pay attention to new points of economic growth, build up new sources of revenue, and bring about steady growth of financial revenue in the process of constant rationalization and optimization of the economic structure. Third, we must give full play to the vital role of finance in macroeconomic regulation and control. Fourth, we must take further steps to do a good job of financial management. Fifth, we must strengthen the administration of state assets.

Those present at the provincial financial work meeting included persons in charge of financial departments, commissions, offices, and bureaus at all levels throughout the province.

Northwest Region

Shaanxi Enforces Mandatory Addiction Treatment

HK2501095395 Xian SHANXI RIBAO in Chinese 25 Dec 94 p 2

["Regulations of Shaanxi Province on Mandatory Addiction Treatment (Adopted by the Ninth Plenary Session of the Standing Committee of the Eighth Shaanxi Provincial People's Congress on 5 November 1994)"]—first four paragraphs enclosed in a box]

[FBIS Translated Text] Announcement No. 19 of the Standing Committee of the Eighth Shaanxi Provincial People's Congress:

"The Regulations of Shaanxi Province on Mandatory Addiction Treatment," which were adopted by the Ninth Plenary Session of the Standing Committee of the Eighth Shaanxi Provincial People's Congress on 5 November 1994, now are promulgated for implementation.

[Signed] The Standing Committee of the Eighth Shaanxi Provincial People's Congress

[Dated] 5 November 1994

Article 1. The current regulations have been worked out in accordance with the relevant stipulations of the "Decision on Banning Drugs" of the Standing Committee of the National People's Congress, and other laws and regulations, and in the light of Shaanxi Province's actual conditions, with a view to prohibiting the taking or injection of drugs, saving personnel who get into the habit of taking or injecting drugs, and safeguarding social security order.

Article 2. Persons in the administrative regions of the province who have acquired the habit of taking or injecting opium, heroin, morphine, marijuana, cocaine, and the other addictive psychopharmaceuticals [jing shen yao pin 4737 4377 5522 0756] and narcotic drugs [ma zui yao pin 7802 6816 5522 0756] that are under the control of the State Council, must undergo mandatory addiction treatment in accordance with the regulations.

Article 3. Mandatory addiction treatment means conducting education in law and ethics, and imposing mandatory administrative medical treatment measures among persons who take or inject drugs. This is to be carried out in addiction treatment centers and in a concentrated way.

Mandatory addiction treatment work pursues the principle of combining medical treatment and education. The legitimate rights and interests enjoyed by personnel subject to mandatory addiction treatment should be protected while they undergo mandatory addiction treatment.

Article 4. In accordance with the local needs in addiction treatment work, people's governments at the county level and above can approve the establishment of addiction treatment centers, and can provide these centers with the necessary personnel and funds in accordance with overall planning.

Article 5. Public security organs are in charge of addiction treatment centers, with public health and civilian affairs departments sharing out the work and participating in management according to their own responsibilities.

Public security organs are responsible for the construction and management of addiction treatment centers, as well as the work of housing and educating personnel subject to mandatory addiction treatment.

Public health departments should assign medical and nursing personnel to addiction treatment centers, who

will be responsible for the work among personnel subject to mandatory addiction treatment, such as medical checkups, medical treatment, and the application and supply of addiction-treatment medications.

Civil affairs departments should be responsible for the repatriation of migrants [zi liu ren yuan 5261 3177 0086 0765] who have financial difficulties in returning home at their own expense after being released from mandatory addiction treatment.

Article 6. Personnel addicted to drug abuse and injection who have conditions to quit drug addiction under family supervision will be given "A Notice on Addiction Treatment Within a Stated Time" by public security organs, and they and their family members will be notified that they should give up drug addiction within three months. Those who fail to give up drug addiction after the term expires will be given mandatory addiction treatment.

Article 7. Decisions on imposing mandatory addiction treatment on persons who have the habit of taking or injecting drugs should be examined and made by public security organs at the county level and above.

When carrying out these decisions, a "letter of decision on mandatory addiction treatment" should be sent to the personnel subject to mandatory addiction treatment themselves, to their family members, and to the units where they work or the police substation where their residence is registered.

Article 8. With regard to persons engaged in any one of the following cases, their family members, guardians or the units where they work, as well as the residents (villagers) committees should be notified of their undergoing addiction treatment under supervision:

1. Those who are under 14;
2. Those who suffer from a acute infectious disease or other serious diseases;
3. Those who are pregnant or who are breast-feeding their own babies under the age of 1;
4. Those who are above the age of 60;
5. Others who are not suitable to undergo mandatory addiction treatment in addiction treatment centers.

Article 9. The time limit for mandatory addiction treatment is three months. The term starts on the date of entry into an addiction treatment center. After his term expires, a drug addict who is verified by addiction treatment center doctors to be addiction-free, and whose report by the addiction treatment center to the public security organ that previously approved his undergoing mandatory addiction treatment is examined and approved by the latter, will go through procedures for a discharge certificate, and will be given a "letter of decision on mandatory addiction treatment termination."

With regard to a drug addict who has failed to give up addiction as his term expires, the addiction treatment center can propose extending his term, and report its decision to the approving public security organ for examination and approval. The extended term should be no longer than three months.

Article 10. Addiction treatment centers should establish a management system and strengthen protective measures so as to prevent the occurrence of accidents causing injuries and deaths, or any other kind of accidents.

Female drug addicts subject to mandatory addiction treatment should be grouped singly under the management of female staffers.

Article 11. Personnel subject to mandatory addiction treatment must observe the various rules, regulations, and management of the addiction treatment centers; receive education; and coordinate with management in receiving medical treatment. Those who reject medical treatment, who disobey discipline, and who injure and disable themselves, as well as the safety of others, by violating the rules and regulations will be responsible for the consequences of their own actions.

Article 12. During their terms at addiction treatment centers, personnel subject to mandatory addiction treatment should pay their living and medical expenses themselves.

Article 13. Addiction treatment centers allow visits by the family members of personnel subject to mandatory addiction treatment, and visitors should observe visiting rules and regulations.

Article 14. During their terms, personnel subject to mandatory addiction treatment who have to leave addiction treatment centers because their family members are critically ill or have died, and who have justifiable grounds, are allowed to leave addiction treatment centers upon the approval of addiction treatment center directors, and after being guaranteed by their family members or units. They should be away from their addiction treatment centers no longer than three days.

Article 15. During their terms, when personnel subject to mandatory addiction treatment suffer complications from the effects of their drug addiction, they should be given medical treatment, and their family members or units should be notified so as to participate in nursing them. If they die after failing to respond to medical treatment, then after being identified by legal medical experts of the public security organ at the county level and above, and examined and confirmed by the people's procuratorial organs at the same level, their family members should be notified to identify them and remove their corpses within seven days. The corpses of those whose family members have refuse to identify and remove them, those whose corpses have not been removed within the time limit, and those whose corpses have not been identified or removed by anyone, will be

dealt with by the public security organs that previously approved the mandatory addiction treatment.

Article 16. The working personnel of addiction treatment centers should enforce the regulations impartially, be devoted to their duties, and carry out education and discipline in a civilized way. They are prohibited from bending the law for personal benefit; from extortion or taking bribes; from beating or abusing their charges; and from meting out corporal punishment to, maltreating, or insulting personnel subject to mandatory addiction treatment.

Article 17. Addiction treatment centers should check and register the goods brought by personnel subject to mandatory addiction treatment when they enter addiction treatment centers, confiscate all contraband goods, take proper care of other goods, and return the goods to their owners when they leave addiction treatment centers.

Article 18. Relevant units will take administrative measures against people engaged in any of the following cases of violating the present regulations. Public security organs will give administrative punishment to them for their violations of public security management according to the "Regulations of the People's Republic of China on Public Security Management and Punishments." Judicial organs will investigate and affix responsibility for such of their behavior as constitute a crime:

1. Those who refuse and obstruct mandatory addiction treatment;
2. Those who provide personnel subject to mandatory addiction treatment with drugs, paraphernalia, and other contraband goods;
3. Those who violate Article 16 of the present regulations.

Article 19. Personnel subject to mandatory addiction treatment who are not convinced of the decisions made regarding their undergoing mandatory addiction treatment are entitled to apply to the public security organs at the higher level for reconsideration, or to bring a suit in the people's courts according to the stipulations of the regulations concerning administrative reconsideration. While the reconsideration or lawsuit is being processed—with the exception of the stipulations of laws, and of administrative rules and regulations—specific administrative actions will not cease to be taken.

Article 20. The provincial public security department is responsible for the interpretation of specific issues relating to the application of the present regulations.

Article 21. The current regulations come into force on the date of their promulgation.

Continuing Media Coverage of SEF, ARATS Talks

ARATS Official on Progress

OW2501011595 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 23 Jan 95

[From the "News and Current Events" program]

[FBIS Translated Text] Talks between those in charge of the Association for Relations Across the Taiwan Strait [ARATS] and the Straits Exchange Foundation [SEF] continued in Beijing on 23 January. Sun Yafu, ARATS deputy secretary general, and Xu Huiyou [Hsu Hui-yu], SEF deputy secretary general, discussed the phrasing of the text of the three agreements related to routine work. Following the meeting, both sides spoke about the progress made in the talks over the text of the three agreements. At noon on 23 January, Sun Yafu and Xu Huiyou continued talks on two of the three agreements, namely the agreement on repatriating those entering the other side's areas in violation of relevant regulations and related matters, and the agreement on repatriating hijackers.

Following the talks, both sides said that, on the basis of a consensus reached between Tang Shubei and Jiao Renhe [Chiao Jen-ho] on 22 January, progress had been made in the phrasing of the two agreements. Except for the need to further deliberate the phrasing of several words, the framework and basic contents of the two agreements had been clarified. On the afternoon of 23 January, Sun Yafu and Xu Huiyou held talks on the cross-strait fishery dispute agreement. At a briefing following the talks, two chief negotiators said both sides need to further deliberate the contents of some clauses in that agreement. ARATS Deputy Secretary General Sun Yafu briefed reporters on the progress made in the talks:

[Begin Sun recording] This morning, working personnel of the two organizations discussed the texts of the agreements on repatriating hijackers and on those who enter the other side's areas in violation of relevant regulations. The progress made during this morning's talks can be described as very smooth [hen shun li di]. I feel the talks over the two agreements have helped cement the results achieved in past talks. The consensus reached between those in charge of the two organizations last August in Taipei [Taipei], has also been reinforced. This creates good conditions for consultation over the text of the agreements. The framework for the two agreements has basically been set. The text of the agreement on handling cross-strait fishery disputes was discussed this afternoon. There has been progress in the talks; some problems still need to be solved. The main problems concern the clause on how official vessels will play their role at the site of fishery disputes. Consensus over the concrete wording of this clause was reached between those in charge of the two organizations in Taipei last August. We stand for maintaining consensus

over the concrete wording. In this way, the main problems over the agreement may be solved. [end recording]

After the talks, Sun Yafu and Hsu Huiyou also revealed that in order to accelerate the pace of consultations over the text of agreements, in the 24 January meeting, they have agreed to use different expressions to convey the same meaning, taking into account the two sides' different use of words; they said they will not seek enforced uniformity. For instance, in the case of the agreement on repatriation of hijackers, the mainland text uses the words "threat with violence [bao li xie po]," but the Taiwan text uses the word "violence [qiang bao]." Both Sun Yafu and Hsu Huiyou stressed that differences over some expressions in the texts are purely a difference in word usage; it is not a problem of principle and will not affect the agreements' contents. As scheduled, Sun Yafu and Hsu Huiyou will continue consultations over the phrasing of the text of the three agreements on 24 January. On the afternoon of 24 January, Tang Shubei and Jiao Renhe will continue the third round of talks.

Jiao Renhe, SEF vice chairman and secretary general, toured Beijing on 23 January. In the morning, he visited the Institute of Taiwan under the Chinese Academy of Social Sciences and Beijing University. In the afternoon, he visited the Space Science Museum

China, Taiwan 'Basically' Agree

HK2401153095 Beijing ZHONGGUO XINWEN SHE in Chinese 1329 GMT 24 Jan 95

[By correspondents Zhang Lei (1728 7191) and Lu Junjun (7120 8823 8823) and trainee correspondent Ye Hongling (0673 4767 3781)]

[FBIS Translated Text] Beijing, 24 Jan (ZHONGGUO XINWEN SHE)—The Straits Exchange Foundation [SEF] and the Association for Relations Across the Taiwan Strait [ARATS] have basically agreed on the texts for two accords on repatriating hijackers and personnel entering the territory of either side in contravention of relevant provisions and other related issues following a morning of consultations between the deputy secretaries-general of the two bodies. Sun Yafu said that the accords will be handed over to the persons-in-charge of the two bodies after ensuring clauses and provisions tally.

Hsu Hui-yu, SEF deputy secretary-general, said at the end of the talks that the two sides had exchanged the texts of three accords on administrative affairs. Talks on the texts for the two accords on repatriating hijackers and personnel entering the territory of either side in contravention of relevant provisions and related issues have basically been completed, except for a slight problem with wording which the two sides are working on. He said that the SEF is hoping to clarify the name of the accord—the hijacker repatriation accord—such that it does not cover hijackers before this accord comes into

effect; he hopes that will avoid differences in interpretation. However, he said that the two sides will try their best to resolve the problem.

Sun Yafu, ARATS deputy secretary-general, also said that the texts for the two accords have been basically agreed; the two sides found themselves in agreement on the name for the hijacker repatriation accord.

He revealed: The persons in charge of the two bodies will decide whether they just initial or sign these two accords. In either case, the location will be the Diaoyutai State Guesthouse.

Sun Yafu explained that the two accords include roughly "forms of liaison," "range of applicability," "repatriation principles," mandatory measures," "identity checks," and some procedural clauses.

Both Sun Yafu and Hsu Hui-yu claimed that they did not have enough time to work out, item by item, the text of an accord on fishing disputes between the two shores. That will be left to the persons in charge of the two bodies to discuss.

Wang Zhaoguo Meets SEF Official

OW2501025695 Beijing XINHUA Domestic Service in Chinese 1422 GMT 24 Jan 95

[By reporters Zhao Wei (6392 5898) and Wang Zhi (3769 3589)]

[FBIS Translated Text] Beijing, 24 Jan (XINHUA)—Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee and director of the Taiwan Affairs Office under the CPC Central Committee, met with Jiao Renhe [Chiao Jen-ho], vice chairman and secretary general of Taiwan's Foundation for Exchanges Across Taiwan Strait [SEF], and members of his party in the Great Hall of the People this afternoon.

During the meeting, Wang Zhaoguo extended his welcome to Jiao Renhe's arrival in Beijing to attend the talks between the responsible persons of the Association for Relations Across the Taiwan Strait [ARATS] and SEF. He said: Over the past year, the relations between the two sides across the Taiwan Straits have progressed amid twists and turns and developed in a complex environment. The responsible persons of the two organizations are sincerely holding talks on the basis of the Taipei [Taipei] talks last August and in the spirit of mutual respect, equal discussion, seeking truth from facts, and seeking common ground while preserving differences. The two sides have reached a complete consensus on most of the three routine [shi wu xing 0057 0523 1840] topics for discussion. On how the two organizations could achieve their goals, Wang Zhaoguo pointed out: First, they will rely on the compatriots on both sides of the straits to show support and concern. Therefore, the two organizations should discuss issues about which the compatriots on both sides of the straits

are most concerned. Next, the talks should evade sensitive political issues. Third, the two sides should sincerely show mutual respect and hold discussion on the basis of equality during the talks. Fourth, while adhering to principle, the two sides should have more mutual understanding of each other. In this way, more common understanding will be reached.

On the relationship between the Taiwan Affairs Office of the CPC Central Committee and the ARATS, Wang Zhaoguo said: After major principles are laid down, we give ARATS full authorization to conduct negotiations on specific routine matters.

He said: Success in the talks between the two organizations will please and satisfy the compatriots on both sides of the straits. This fully proves that ARATS and SEF are important channels for the promotion of relations across the Taiwan Straits and the protection of the legitimate rights and interests of the compatriots on both sides of the straits. The compatriots on both sides of the straits fully attach importance to these channels and positively affirm their roles. It is very important to maintain communications between the two organizations regardless of whether the cross-strait relations are smooth or complex. He said he hopes that ARATS and SEF will make greater progress in the current talks, play a greater role in cross-strait relations in the future, and hold even more comprehensive discussions on economic, scientific, technological, cultural, and educational issues, as well as other issues about which the compatriots on both sides of the straits are concerned. Wang Zhaoguo said that the achievements made by the current talks have created good conditions for a second round of Wang-Gu [Ku] talks. He also said he hopes that the second Wang-Gu talks would be held at an early date to promote the development of the cross-strait relations in an even better way.

Jiao Renhe said during the meeting: Results have been achieved in the discussion of most topics during the current talks. Continued efforts are still necessary to seek a complete success of the talks. He said that the two organizations remain a channel of communications despite the present complex situation. He also said he hopes that a higher political wisdom will exist to support and promote the work of the two organizations and make them play an even better role.

Present at the meeting were Chen Yunlin, deputy director of the Taiwan Affairs Office of the CPC Central Committee; and Tang Shubei, executive vice president of ARATS.

Accords To Create 'Conditions'

OW2401171195 Beijing XINHUA in English 1645 GMT 24 Jan 95

[FBIS Transcribed Text] Beijing, January 24 (XINHUA)—No matter whether it is two agreements, or three, that are signed during the Beijing talks, they will

create conditions for a second talk between Wang Dao-han, president of the Association for Relations Across the Taiwan Straits (ARATS), and Ku Chen-fu, chairman of the Straits Exchange Foundation (SEF), a senior Chinese Communist Party (CPC) official said here today.

Wang Zhaoguo, vice-chairman of the National People's Political Consultative Conference and director of the Taiwan Affairs Office under the CPC Central Committee, made the remark while meeting with Chiao Jen-ho, vice-chairman and secretary general of SEF, and members of his party in the Great Hall of the People this afternoon.

Over the past year, the relations between the two sides across the Taiwan Straits have improved in spite of some setbacks and have developed even in that complicated atmosphere, he said.

"Every friend of ARATS and SEF has contributed diligently to the development of the relations, and the efforts and achievements of the two organizations have been positively confirmed by compatriots on both sides of the Taiwan Straits," he said, adding that this will provide both experience and methods to refer to in future discussions.

It is a noteworthy achievement, he said, that during the Beijing talks, officials of the two bodies reached much common understanding in wording used in two of the three agreements and have gone as far as signing them on the basis of the Taipei [Taipei] talks last August and in the spirit of equal discussion, mutual respect, seeking truth from facts, and seeking common ground while preserving differences.

If all three agreements can be reached, he pointed out, compatriots on both sides of the Taiwan Straits will be more satisfied and happier.

He noted that the experience of the talks fully shows that ARATS and SEF are important channels for the promotion of relations across the Taiwan Straits and the protection of rights and interests of the compatriots on both sides of the straits.

He expressed hope that the two bodies will play a greater and more developed role in the future.

He stressed the point that the achievements of the two bodies can not be separated from the support of compatriots on both sides of the Taiwan Straits because the issues are their common concern.

So far, two of the three agreements on routine matters are free from problems, Chiao Jen-ho said, and neither Tang Shubei nor he will give up efforts to reach agreement on the third issue in the next two days.

Both Wang Zhaoguo and Chiao Jen-ho reiterated their hope that there will be cooperation in economic, technological, and cultural fields.

To develop relations across the Taiwan Straits, Wang said, the Central Committee of the Communist Party of China, with Jiang Zemin at its head, will put forth some new proposals in line with changes in the situation, and in the spirit of "peaceful unification, one country and two systems".

Earlier today, deputy secretaries general of ARATS and SEF completed discussion and rectification of documents on the repatriation of hijackers and personnel entering the other side's area in violation of regulations, and some other related issues.

The agreements will be submitted to the leaders of the two bodies for signing after the specific articles are checked in detail, Sun Yafu, vice-secretary general of ARATS, said.

This morning, the two sides exchanged drafts of the three agreements on routine matters and studied the wording of the two, concerning the issue of repatriation, word by word, Shi Hwei-you, deputy secretary general of SEF, said after the discussion.

So far, the two drafts have been basically decided and only a few minor issues here and there need final study of the wording and some checking, he said.

In Sun Yafu's opinion, whether the two agreements are initialed or signed should be decided by the heads of the two groups, and the venue should be Beijing.

While talking about handling maritime fishing disputes, Sun said that ARATS was of the opinion that the agreement will be signed as long as both sides deal with the issue, concerning vessels performing official duties, completely in accordance with the common understandings reached between the leading officials of the two bodies last August.

Because of time limits, the deputy secretaries general of both bodies claimed, problems remaining in the agreement concerning the treatment of maritime fishing disputes will be left to the leaders of the two bodies to be solved.

Consensus on Cultural Exchanges

OW2501112495 Beijing XINHUA in English 0958
GMT 25 Jan 95

[FBIS Transcribed Text] Beijing, January 25 (XINHUA)—A consensus was reached on broad issues concerning cross-strait cultural and educational exchanges during today's talks between the Beijing-based Association of Relations Across the Taiwan Straits (ARATS) and the Taipei [Taipei]-based Straits Exchange Foundation (SEF).

"The two sides agreed to actively work out plans for the implementation of the exchange projects decided in cross-strait talks held in Taipei last August," disclosed Liu Gangqi, a deputy secretary-general of ARATS, who held talks with his Taiwan counterpart Li Ching-ping.

Liu told reporters that the holding of the across-straits talks was conducive to solving problems that still exist concerning the exchanges.

Answering reporters' questions on the opening of permanent bureaux for cross-straits news reporting, Liu said that since the issue was raised in today's talks for the first time by the SEF, ARATS will need to talk it over with the departments concerned and will give an answer to the SEF at the earliest possible date.

He added that the issue of exchanging senior reporters was decided in talks between the two organs last August, and ARATS hopes the cross-straits journalistic exchanges will make new headway this year.

"We should not let political factors and unexpected events affect such exchanges," Liu noted.

Li Ching-ping, deputy secretary-general of the SEF, told reporters that a certain amount of consensus was reached in today's talks, but there are still differences that need further discussion and investigations by the departments concerned.

He commented, "Today's talks were carried out in a good atmosphere," and "The two sides were sincere in exchanging views."

'Hotline' Telephone Links Hainan, Taiwan

HK2401135295 Beijing XINHUA Domestic Service in Chinese 0448 GMT 6 Jan 95

[By XINHUA reporters Zhang Chuanxuan (1728 5307 1357) and Su Guoxiang (4725 0948 4382), and XINHUA correspondent Mai Dui (7796 4648 5669): "Hotline" Between Taiwan and Sanya]

[FBIS Translated Text] Haikou, 6 Jan (XINHUA)—"Hello, are you Sanya City Government? This is a long-distance call from Taiwan. Our inspection group will set off tomorrow...."

"Hello, this is a long-distance call from Taipei. Sanya City, who are you?..."

When covering news recently in the Taiwan Affairs Office of the Sanya City Government in Hainan Province, we found that our conversation with the local officials was frequently interrupted by telephone calls from Taiwan.

Chen Jiqing, director of Sanya's Taiwan Affairs Office, told us: In recent years, relations between Taiwan and Hainan have been getting closer and closer. Sanya is a key point in Hainan's development, so it has received many telephone calls from Taiwan every day, inquiring about investment affairs. Many Taiwan businessmen have become our friends through these telephone contacts.

Sanya is located in the south tip of our country, and is endowed by nature with rich resource advantages, as it abounds with maritime resources, oil, tropical crops,

aquatic products, and tourist resources. In the past six years since the founding of Hainan Province, Sanya has grown into the second largest development area, next to the provincial capital, Haikou. The investment environment is being rapidly improved. Sanya is turning itself from a fishing port into a modern coastal city and a major tourist resort. In the past six years, the city has spent nearly 4 billion yuan on urban construction, and the area of the urban district has enlarged from 14 square km to over 20 square km.

Attracted by the improving investment environment and the favorable policies offered by the local government to investors from Taiwan, Hong Kong, and Macao, a large number of Taiwan businessmen rushed to this "lucky land," and contended for their investment footholds. As a result, telephone lines between Taiwan and Sanya became very busy. In the first 10 months of 1994, Sanya received more than 500 Taiwan businessmen, who came to inspect investment conditions, signed 32 project contracts, and introduced more than 700 million yuan of external investment. Many projects now are under negotiation.

We gladly saw that the products of the first batch of Taiwan investment projects—such as the tropical produce and fruits, aquatic products, and manufactured goods produced by the Qianju experimental farm, the Daya pig farm, and the Sanyong aquatic product processing plant had become famous, popular, and high-quality products in Sanya, and had been exported to 13 countries and regions. Many Taiwan-funded enterprises are now major foreign exchange earners in Sanya. Many Taiwan businessmen also invested in tourist, real estate, and commercial projects, and they also made handsome profits. At present, there are nearly 100 Taiwan-funded enterprises in Sanya, and they account for one-sixth of the total number of foreign-funded enterprises there. The total investment made by these Taiwan-funded enterprises has amounted to 1 billion yuan, ranking first among all sectors of foreign investment.

Success of Taiwan-Funded Enterprises in Jiangsu

OW2401101195 Beijing XINHUA in English 0904 GMT 24 Jan 95

[FBIS Transcribed Text] Nanjing, January 24 (XINHUA)—Over 5,000 Taiwan-funded enterprises have gone into operation in east China's Jiangsu Province, according to official sources.

Entrepreneurs from Taiwan Province, China's largest island, have signed contracts to pump 6.5 billion U.S. dollars into Jiangsu, an economic powerhouse in the country, according to the provincial office for Taiwan affairs.

The year 1994 saw Taiwan investors, including over 20 of the top 100 private enterprises in the island, establish about 1,400 firms in Jiangsu.

More than 30 projects approved in 1994 have received funds from Taiwan of over 10 million U.S. dollars each. On average, each Taiwan-sponsored project attracted 2.36 million U.S. dollars, compared with 1.74 million U.S. dollars in 1993.

Meanwhile, 74.3 percent of the province's joint ventures have benefited from Taiwan capital, up 13.3 percent.

Experts here said that a favorable investment atmosphere and high economic efficiency explain why Taiwan entrepreneurs prefer Jiangsu as an investment destination.

Governments at all levels, financial institutions, customs and departments responsible for inspecting import and export commodities make full use of the law to solve problems facing the joint ventures and protect their interests.

Last year the output, sales and net profits of Taiwan-funded firms all grew by at least 100 percent from 1993, according to the Provincial Office for Taiwan Affairs.

Article on 'Fallacy of Taiwan Independence'

HK2501025795 Beijing RENMIN RIBAO in Chinese
20 Jan 94 p 11

["Remarks of the Chinese Nation" column by Guo Taiwan (6753 3141 2429): "Fallacy of 'Taiwan Independence' Must Stop Immediately"]

[FBIS Translated Text] Our Chinese nation comprises a people united by a very strong cohesive and centripetal force. Despite the several occasions of separation throughout history, our nation has been reunified time and again after long separations. Reviewing China's history, one can see that the periods of unification have been much longer than the periods of separation and the flourishing of the nation and the prosperity of the country have always coincided with the unification of the motherland. "Unification is beneficial to all parties and separation will hurt everyone;" this is a rule that has been repeatedly proved by history.

The two shores of the Taiwan Strait have been separated for more than four decades. People on both shores long for an early reunification of the motherland and this is a historical trend. However, we must not ignore the countercurrent of 'Taiwan independence' on the island of Taiwan. In recent years, those advocating this idea have gathered together under the banner of the Democratic Progressive Party, calling loudly for splitting the motherland and the nation and vowing to fight for "independence" and to "found a new state." Their moves have, of course, aroused deep concern among the Chinese on both shores of the strait and among all those who care about China's reunification.

Taiwan has been an unalienable part of China since ancient times and this fact is supported by history. Anyone who has a minimal knowledge of history and who is unbiased would not deny this historical fact. However, in order to sever the flesh-and-blood ties between Taiwan and the mainland, elements advocating Taiwan independence have racked their brains to fabricate such fallacies as the "concept of the Taiwan nation," "Taiwan nationalism," the "argument on uncertainty in Taiwan's status," and the "idea of self-determination by Taiwan residents." The "concept on the Taiwan nation" is based on the fiction that the people of Han nationality who form the vast majority of the Taiwan population belong to a "Taiwan nationality" who are standing aloof from and parallel with the Chinese nation. The "Taiwan nationalism" states the nonsense that Taiwan neither shares common fate nor common interests and goals with China and it has grown up as a "community of common fate" in itself, therefore it has status as a "nation" and is qualified to "found an independent state." The "argument on uncertainty in Taiwan's status" talks the nonsense that "Taiwan's status is uncertain," simply ignoring the sheer, ironclad historical fact that Taiwan was already officially incorporated into China's territory and placed under China's sovereignty, by the "Cairo Declaration" and the "Potsdam Proclamation" during World War II. The "idea on self-determination by Taiwan residents" advocates that "Taiwan's future must be determined by all Taiwan residents," believing that Taiwan can win independence through "self-determination." In order to fulfill their foul aim of splitting the motherland, the elements for "Taiwan independence" have been trying to confuse and deceive people with these "theories."

Although the farce of "Taiwan independence" is still on show, it will not achieve anything significant because it is substantively ungrounded and lacks support. However, since this concerns the great cause of reunification of the motherland, we must not treat it lightly. The Chinese Government has never been vague on matters concerning national sovereignty and territorial integrity; neither will it tolerate the "Taiwan independence" elements' perverse acts. The Chinese on both shores of the Taiwan Strait share the same stance on the preservation of the motherland's territorial integrity as a major issue of principle and never will they let the plot for "Taiwan independence" prevail. The idea of "Taiwan independence" runs counter to popular will and separatists will be condemned by history. We should remain vigilance against the words and deeds of those advocating "Taiwan independence."

To achieve the reunification of the motherland, one must oppose and guard against the plot for "Taiwan independence." This is an historical mission that the Chinese people must undertake.

Government, Taiwan Reach Accord on Hijackers*OW2401123495 Tokyo KYODO in English 1207 GMT 24 Jan 95*

[FBIS Transcribed Text] Beijing, Jan. 24 KYODO—Taiwan and China came closer to reaching accords Tuesday as progress continued in the third round of talks between the vice chairmen of two semiofficial organizations, sources on both sides said.

Chiao Jen-ho of Taiwan's Straits Affairs Foundation (SEF) and Tang Shubei of the mainland's Association for Relations Across the Taiwan Straits (ARATS) reached full agreement on issues concerning the repatriation of hijackers and illegal immigrants, the sources said.

Discussions on the repatriation of illegal fishermen will continue Thursday, the third day of talks between Chiao and Tang, when all agreements on "the practical issues" are expected to be signed, they said.

The accords stipulate that hijackers and illegal immigrants will be repatriated to the mainland following legal and judicial proceedings in Taiwan, the sources said.

Meanwhile, disagreement over wording continues to bog down an accord on illegal fishing.

The two organizations first began exchanges in April 1993, when the chairmen of SEF and ARATS met in Singapore, ending more than 40 years of enmity.

The agreements, which follow nearly a year and seven rounds of lower-level talks, are expected to open the way for talks on investment, trade, and scientific and cultural exchanges.

Chiao Jen-ho met Tuesday with Wang Zhaoguo, head of the Taiwan Affairs Office of China's State Council, who called for a second summit meeting between the two chairmen.

"The second summit should come at an early date and will be useful in the promotion of relations between the two sides," Wang was quoted as saying.

UK Minister on Boosting Trade Ties*OW2501002295 Taipei CNA in English 0843 GMT 24 Jan 95*

[By Nelson Chung and Danielle Yang]

[FBIS Transcribed Text] London, Jan. 23 (CNA)—The United Kingdom hopes to further strengthen economic and trade cooperation as well as investment ties with Taiwan, Richard Needham, minister for trade, department of trade and industry, said Monday.

Needham made the remarks while speaking at the closing ceremony of the First Convention of the Council of Taiwanese Chambers of Commerce in Europe, held in London.

Needham told 215 Taiwan business people based in major cities throughout the world that Britain not only wants Taiwan traders to invest in his country, but also has been encouraging British manufacturers to invest in Taiwan so that economic ties between the two countries can be further developed.

Both Taiwan and Britain are island countries dependent on trade, Needham said, adding that Britain is an ideal foothold for Taiwan investors who want to enter the European market and that Taiwan can be used as a gateway for Britain to tap the huge Asian market.

Chang Hsiao-yen, the chairman of Taiwan's Overseas Chinese Affairs Commission also spoke on the emerging influence of Taiwan investors in the international business community. He said he hopes Taiwan traders can be a bridge in introducing foreign capital and industrial technology into Taiwan so that the island can achieve its goal of becoming an Asia-Pacific business operations center.

Taiwan's representative to Britain, Eugene Chien, and [word indistinct] group Chairman Stan Shih also spoke at the convention.

The traders also sent a telegram to ROC [Republic of China] President Li Teng-hui, expressing their support of Li's promotion of political reforms and economic development policies and giving thanks for the ROC Government's assistance and support. The telegram was conveyed to Li through the overseas Chinese affairs commission.

Also during the four-day meeting, Taiwan traders based in Germany and Britain reported on their investment experiences, and British trade officials detailed the investment opportunities and favorable conditions in their country.

Third Round of Trade Talks With ROK Ends*OW2501055295 Taipei CNA in English 0148 GMT 25 Jan 95*

[By Y. C. Chiang and Flor Wang]

[FBIS Transcribed Text] Seoul, Jan. 24 (CNA)—The third round of trade talks between the Republic of China [ROC] and South Korea under the General Agreement on Tariffs and Trade framework ended here Tuesday [24 January] with little progress reported.

Chief ROC delegate, Board of Foreign Trade Director-General Lin Yi-fu, said the two countries failed to reach agreement on quotas for South Korean car imports, a key issue for the ROC to win South Korean support for its entry into the Geneva-based world trade body.

As the South Korean side insisted that Korean cars should enjoy the same treatment extended to U.S. and European cars, a requirement rejected by the ROC side, the two countries will need to hold another round of talks on the issue, Lin pointed out.

However, South Korea agreed to Taiwan's new tariff proposals on the import of ginseng, apples and squid, Lin said, adding that next round of negotiations may soon be held in Seoul, Taipei or Geneva.

Organization Supports Taiwan's UN Bid

OW2501060695 Taipei CNA in English 0235 GMT 25 Jan 95

[By Flor Wang]

[FBIS Transcribed Excerpt] Taipei, Jan. 4 (CNA)—The Unrepresented Nations and Peoples Organization (UNPO), at The Hague passed a resolution Monday [23 January] supporting Taiwan's bid to join the United Nations, sources here said.

According to a press release made public Tuesday by the office of Democratic Progressive Party legislator Parris Chang, UNPO member nations decided to support Taiwan's UN bid at its annual conference in The Hague. During the conference, Chang was also reelected to the chairmanship of the UNPO's directory committee. [passage omitted]

Government Unveils Manufacturing Blueprint

OW2501002395 Taipei CNA in English 0921 GMT 24 Jan 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Jan. 24 (CNA)—The Ministry of Economic Affairs on Tuesday unveiled a six-project blueprint to develop Taiwan into a regional manufacturing center as part of Taiwan's effort to become a business hub in the Asia-Pacific.

The centerpiece project is the transformation of the country's three export processing zones in line with the regional business hub development plan, Vice Economic Affairs Minister Yang Shih-Chien said. The project

envisages a 200-hectare special transshipment zone at Kaohsiung harbor near the Kaohsiung export processing zone in southern Taiwan.

Yang said NT [New Taiwan] \$300 billion to NT\$400 billion (US\$11.41 billion to US\$15.21 billion) would be required to develop the transshipment zone. The zone, which will house both commercial and industrial establishments, is expected to help raise Kaohsiung harbor's cargo traffic volume and boost Taiwan's overall transshipment trade, he added.

Another project is the strengthening of the country's research- and-development regime and the launching of special high-technology R&D programs. Yang said Taiwan is set to join the ranks of industrialized countries by the year 2000, when the nation's total industrial production will reach US\$300 billion. To reach that goal, he said, the government will raise its R&D budget by 20 percent annually in the next few years, and annual R&D funds will be four times the current amount by the turn of the century.

The other four planned projects unveiled by the ministry include development of selected high-tech or high value-added industries, such as genetic engineering, aerospace and precision instruments; construction of intelligent industrial parks and multifunctional industrial parks; transformation of the military-run Chungshan institute of science and technology into a science-based industrial park; and consolidation of investment administration and promotion of major manufacturing investment projects.

In fact, Yang said, Taiwan is already a world manufacturing center of some computer peripherals, such as monitors and motherboards.

"We hope the newly unveiled six plans can be implemented smoothly to facilitate our bid to develop Taiwan into an Asia-Pacific regional business hub as soon as possible," he added.

Hong Kong

Court Orders Release of SRV Migrants

HK2501061895 Hong Kong SOUTH CHINA
MORNING POST in English 25 Jan 95 p 1

[By Lindy Course and Scott McKenzie]

[FBIS Transcribed Text] Three Vietnamese families won their freedom yesterday when a High Court judge declared their detention was unlawful because Vietnam was unlikely to accept them back.

Two of the applicants had been detained for more than five years in closed camps, but Mr Justice Keith stressed that although the length of their detention was "truly shocking" he did not find it unlawful for that reason.

After the case, the group's lawyer, Pam Baker, said another 125 people could hope to go free in the wake of the judgment as their cases were similar. She hoped the Government would free them without further court action. But Secretary for Security Alistair Asprey last night warned the court decision could "send the wrong message" to a section of Hong Kong's 22,300 Vietnamese population.

"We are obviously very disappointed with the court's decision, but whether it will mean more people have to be released remains to be seen," Mr Asprey said.

Mr Justice Keith said that by law he had to consider the constraints under which the Immigration Department was operating when dealing with screening and repatriation and because of that he found the detention for such a period was reasonably necessary.

Had he found otherwise, many of the Vietnamese detained in camps would be able to argue that they, too, should be released.

Instead, he ordered the release of Phung Hoan, 59, his wife and three children, Tan Te Lam, 43, his wife and two children, and Ly Hue My, 28, her husband and three children, on the grounds that they had Taiwanese travel documents and Vietnam had treated them as foreign residents when they were in Vietnam.

Accepting evidence that the Vietnamese vice-consul in Hong Kong had said no foreign nationals would be accepted by Vietnam, the judge found there was no reasonable prospect that the three could be removed from Hong Kong soon.

Their detention therefore became unlawful.

This was because the purpose for which they were detained could not be achieved and he ordered their release.

A fourth applicant, Lun Taiphong, wept as he had to return to a closed camp because he had admitted to officials his Taiwan travel documents were forged.

Although Vietnam regards him as a non-national, the judge said he was sure when the authorities learn how he got his Taiwanese papers they would regard him as a Vietnamese national, and so it was likely he could be repatriated.

Ms Baker said the judgment was a "qualified victory". She said she was not surprised the judge did not find the detention illegal because of its duration.

The implications of such a finding would be huge.

The judge said he had to consider manpower and financial constraints involved in the screening process, and because of this he found the length of time the families were held was reasonably necessary. He said as they had not applied for voluntary repatriation, they had to be forcibly repatriated, and he found the speed with which this could be done was out of the Hong Kong Government's hands.

In the case of a fifth applicant, Ly Vinh Kien, 30, who was repatriated to China during the hearing, the judge declined to determine if his detention had been unlawful when China was refusing to accept him back.

Mr Justice Keith said his case raised different questions to that of the other four.

Mr Asprey said the Government had not had a chance to properly review the judgment and therefore no decision on appeal would be made until it had done so.

He also called for a "better system of understanding" from the Vietnamese Government on its willingness to accept back former residents now in Hong Kong detention centres.

Government sources said the impact on voluntary repatriation could be significant.

Article Views Future Trade Ties With PRC

HK2401143095 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 9 Jan 95 p 5

[Article by Gao Shangquan (7559 1424 0356), member of the Hong Kong Special Administrative Region Preliminary Working Committee and vice president of the China Society for Research on Restructuring the Economic System: "Economic and Trade Relations Between Hong Kong and the Mainland Have Broad Prospects"]

[FBIS Translated Text] In 1978, the Chinese mainland began reform and opening, and since then the economic and trade relations between Hong Kong and the mainland have embarked upon the track of rapid, overall, and sustained development. Sustained and rapid growth is the most marked feature of the development of trade between the two areas during this period. According to statistics from Hong Kong, in 1978, the year when China began reform and opening, the trade volume between the two localities was only 10.845 billion Hong Kong dollars, but in 1993 it reached 740 billion Hong Kong dollars.

Over 15 years, the volume of trade between the two areas increased by 60 times, far surpassing the 18 times between Hong Kong and foreign countries in the same period; and the average annual growth rate was 35 percent, 12 percentage points higher than the average growth rate of Hong Kong's trade with foreign countries. From January to August 1994, the volume of trade between the two areas reached 542.4 billion Hong Kong dollars, a 14-percent increase over the same period of the previous year.

Entrepot trade has a very important position in the trade between the two areas. The Chinese mainland is the largest market for Hong Kong's entrepot trade, as well as the largest source of goods. In 1993, the mainland's trade volume of goods coming in and going out through Hong Kong accounted for about 90 percent of Hong Kong's entrepot trade, and about 24 percent of the mainland's trade with foreign countries.

Economic and trade ties are closely integrated with production cooperation, and this is a prominent feature of the economic and trade relations between the two areas. Under the pressure of continuously increasing production costs, Hong Kong's processing and manufacturing industries keep relocating to the mainland, leading to the pattern that orders are taken in Hong Kong, processing and production is carried out on the mainland, then the products are exported through Hong Kong—a pattern that can be called "shop in front and factory in rear." Through this method of relaying orders to other places for processing, manufacturers obtain low production costs, and the ability of products to compete in the international market has greatly increased. At present, the export of the products which are relayed by Hong Kong to the mainland for processing has already become an important factor in Hong Kong's external trade—especially the growth of entrepot trade, and millions of workers on the mainland are working in factories relocated from Hong Kong.

The development of investment between the two areas is in no way inferior to the achievements in trade between them. By the end of June 1994 the total number of projects directly funded by Hong Kong on the mainland had reached 120,000, accounting for 62.5 percent of the total number of projects funded by investment from outside the border; and the amount of funds actually injected had reached \$47.68 billion, accounting for 61.7 percent of the amount of funds from outside the border actually injected. In recent years, Hong Kong investments on the mainland have showed new features and trends: The investment region has gradually extended northward; the investment domain has been expanding; the style of investment has become flexible and varied; the investment structure has been optimized; and groups with large amounts of capital have eagerly invested in large projects. At the same time as Hong Kong has actively expanded its investment on the mainland, mainland enterprises and China-funded enterprises in Hong Kong have also become active in their investment in

Hong Kong, touching upon a wide range of areas such as trade, finance, insurance, transportation, the tourist industry, manufacturing, real estate, and so on.

The continuously developing economic and trade relations between the two areas occupy important positions in their economies. According to the actual scale of trade, Hong Kong and the mainland have already become each other's most important trade partners. Hong Kong's investment on the mainland has always ranked first among other foreign investors attracted to the mainland, whereas the mainland's investment in Hong Kong has also ranked as one of the top outside investors in Hong Kong. At present, economic and trade relations between the two areas have already reached a stage whereby you can find me in you, I can find you in me, they are mutually dependent, and the two are closely linked and have become inseparable.

As 1997 draws closer, people in Hong Kong and the mainland have become more interested in how economic and trade relations between the two areas will develop. Looking at the future, we see broader prospects for economic and trade cooperation between them, and we have full confidence in these development prospects.

First, development of economic and trade cooperation is the common demand in both places. The unique background of historical development and the geographic and resource conditions determine that Hong Kong's economic development cannot separate from the mainland, while the mainland also badly needs a highly open Hong Kong to serve as a window and bridge for expanding foreign economic and trade relations. The economies in the two areas have a strong complementary nature. Over the past decade or so, through the mainland's strong points in land and labor resources and Hong Kong's strong points in funds and management working together, the economic and trade cooperation between the two areas has developed. In the future, complementary economic activities of a higher level will open up new domains and provide new motive forces for cooperation between the two areas. This kind of intrinsic linkage, which is characterized by mutual need, a complementary nature, and mutual benefit, will enable economic and trade relations between the two areas to continuously expand and increasingly become deepened.

Second, the mainland's reform and opening up and economic construction will become the constant driving force for the development of economic and trade relations between the two areas. The experience we have acquired in the past decade shows that the mainland's insistence on reform, opening, and viewing economic construction as the central task is an important condition for the rapid development of economic and trade relations between the two areas. This is a very stable and long-term factor, and it is mainly embodied in:

China's reform and opening are continuously deepening and expanding, and China is building the framework of a socialist market economy; the Chinese mainland's

investment environment, from infrastructure to legal system building, are improving day by day; China will resolutely view economic construction as the central task, and the national economy will witness a sustained, rapid, and steady growth; foreign trade will be viewed as a priority and key point in economic development for a long period to come, and it is expected that by the end of this century the Chinese mainland's foreign trade volume will reach \$400 billion. Therefore, we firmly believe that this factor will consistently promote the continuous development of economic and trade relations between Hong Kong and the mainland.

Third, Hong Kong will continue to maintain its status as an international trading, financial, transportation, and information center. Maintaining the center status in these four areas has a bearing on Hong Kong's prosperity and stability, and also has a direct and important relation to the development of economic and trade ties between Hong Kong and the mainland, so it is a common goal for Hong Kong and the mainland. After 1997, the center status in these four areas will certainly be consolidated and strengthened.

Fourth, the economic growth in the Asia-Pacific region has provided a conducive environment and broad space for the development of economic and trade relations between the two areas. It is generally held that the Asia-Pacific region will become the world's largest economic region, and East Asia is the region of the most active development in the Asia-Pacific region and even in the world. The rapidly growing economy there will enable it to become a locomotive pulling an increase in world trade. China is situated in East Asia and is in the central part of the Asia-Pacific region; the development of trade by China in this region, directly or through Hong Kong, has been very rapid, and the foreign investments absorbed, directly or through Hong Kong, also come largely from this region; it can be foreseen that economic and trade relations between the two areas will gain a good external economic environment and plenty of space for development.

Daily Publishes Makeup, Role of PRC Advisers

HK2501065595 Hong Kong HONGKONG STANDARD in English 25 Jan 95 p 13

[Article by Sam Mok]

[FBIS Transcribed Text] Another 263 people were added into the legion of advisers—those who have the ears of Chinese officials—when Xinhua News Agency's Hong Kong Branch certified the second batch of district affairs advisers (DAAs) on 9 January.

In addition to the first batch of 274 appointed in March 1994, China has now incorporated more than 500 influential figures from various social sectors—district boards, kaifong organisations and the social services, along with academics, professionals and business people.

The legion features one legislative councillor, 25 urban or regional council members, 15 district board chairmen and 120 district board members.

Power Base

Other famous names in the second batch include Kenneth Ting Woo-shou, deputy chairman of the Federation of Hong Kong Industry; Eddie Leung Wai-ho, president of the Hong Kong Watch Manufacturers Association; manpower resources lecturer Wong Yui-tim, former legislative councillor Lui Sing-lung, and David Chan Yuk-cheung, a Legislative Council election candidate in 1991.

The DAAs are divided into three groups—Hong Kong Island, Kowloon, and the New Territories—according to the location of their power base. Each group is coordinated by the corresponding regional office chief inside Xinhua. Most activities are done at the regional group level.

The Island group has been the most active, having convened monthly discussion meetings for the first year. In addition to Xinhua regional officers, local deputies to the National People's Congress (NPC), local representatives in the Chinese People's Political Consultative Conference (CPPCC) and members of the Preliminary Working Committee (PWC) were invited to sit in.

Upper levels

According to DAA and Urban Council member Joseph Chan Yuek-sut, the officials from Xinhua "attentively listened and recorded the proceedings. The Xinhua men promised to reflect our opinions to the upper levels".

To a certain extent, the title of district affairs adviser is misleading. The DAAs of the Island group are consulted not only about district matters, but also, and mainly, about territory-wide issues, such as the Old Age Pension Scheme, Strategic Sewage Disposal Scheme, and the provisional legislature.

The Kowloon group is conducted in a similar manner. According to Liu Sing-lee, the Kowloon DAA who is also a member of the Association for Democracy and People's Livelihood (ADPL), the Kowloon group has convened meetings for issues concerning the first legislature, passports, localisation of law, residency, people's livelihood, and the Old Age Pension Scheme.

"They are the forums for district figures to talk about Hong Kong affairs," he said. There is no clear set standing order, but DAAs must raise their hand before they speak.

Mr Liu is unhappy about the disorganisation of the meetings. "We never know what has been listened to and what has not. We should imitate the Basic Law Consultative Committee, which publishes compiled suggestions," he said.

"I would also like to see us pegged to the sub-groups of the PWC."

The New Territories group is even more disorganised. ADPL member and Kwai Tsing District Board Chairman Leung Kwong-cheung said the New Territories group has so far convened only one group meeting.

There have been sub-group meetings and Mr Leung attended two. "Besides, once or twice I received phone calls from Xinhua officers, asking vague questions like 'How are you?' and 'What advice do you have to give us?'," he said.

Mr Leung hopes the New Territories group can organise periodical seminars and Xinhua can give more feedback to advice given by the DAAs.

"The deputy head of the New Territories group has never promised to pass our opinion to upper levels," Mr Leung complained.

"Part of the problem is that Xinhua doesn't have enough manpower. The City and New Territories Administration of the Hong Kong government is more effective in communication, although the district committees meet only once every two months, because there are many civil servants you can turn to."

The means of contact between Xinhua and DAAs is not limited to formal consultative meetings. Many DAAs see dinner meetings and mainland trips as effective channels of communication. All three groups have visited China in the past year.

Some DAAs play more active roles. They may organise district sub-groups, such as those found in Wan Chai and Tuen Mun.

Legislative Councillor Alfred Tso Shiu-wai is in the Tuen Mun sub-group. They have met four times since they were appointed, and have seen members of the PWC economic sub-group to discuss the infrastructural development in Tuen Mun. The sub-group also had a chance to visit Beijing, and talk to Chinese officials on the infrastructure co-ordination committee about the same issue. They saw Hong Kong government officials afterwards.

The Beijing visit was arranged through a PWC member, not Xinhua, which was only notified, Mr Tso said. But he said the institution of DAAs is meaningful. "The DAA title helps me to do something I want to do and something that must be done," he said.

"Many people complain that Hong Kong affairs advisers and district affairs advisers cannot achieve anything, but it depends on how individual advisers do things.

"The same applies to district boards. Many board members complain the Hong Kong government does not listen to them."

The other channels open for DAAs are filing written suggestions or making phone calls to Xinhua. DAAs are welcome to talk to the regional office chiefs of Xinhua. Officially, they are appointed by Xinhua director Zhou Nan, so they can write or talk to Mr Nan or his deputies.

The DAA title is a formalisation of the communication channel between Xinhua and the district figures. Joseph Chan and his fellow Urban Councillor Anna Tang King-yung said their relationship with Xinhua had been good even before the appointments.

Anna Tang suggested that the title was more useful in building bridges between China and the public. "People will come to talk to me if they have something to say to China," she said.

"On the other hand, the public will listen more carefully to our words, for example in the Basic Law promotion campaign, because of the DAA identity."

The system of DAA serves many purposes. Opinion solicitation is the declared objective, but it is no surprise that it is not the only one, nor the prime one.

Deng speeches For example, as DAA Tam Kwok-kiu says, a Kowloon group meeting was "meaningless" because "they spent nearly two thirds of the time repeating speeches made by Chinese leader Deng Xiaoping and Hong Kong and Macau Affairs Director Lu Ping, and left only a little time to discuss current issues".

Democrat legislator Yeung Sum said that the exercise of appointing DAAs is a united front tactic by China. This is manifest as shown by the profile of the DAAs.

The Democratic Alliance for the Betterment of Hong Kong (DAB) has 83, 16 are from the Liberal Democratic Federation, 11 from the Liberal Party (LP), five from the ADPL, two from the pre-merger Meeting Point, one from the Democratic Foundation, and absolutely nobody from the Democratic Party.

Liu Yiu-chu, a local deputy to the NPC and a Hong Kong affairs adviser is unhappy with China's policy of politicising district affairs and polarising society.

"The Basic Law says district affairs should not be politicised. I am sad that the Chinese government does not respect the state system they set for themselves," she said.

Frustrate Purpose

"China has blamed the liberals for politicising district boards, yet now it has done the same, so it has no right to say that again. By admitting only yes-men as advisers, China will only frustrate the purpose of appointing advisers."

Besides the title of DAA China also has other titles to offer to its loyal supporters in Hong Kong.

Beijing has appointed a total of 141 Hong Kong affairs advisers (HKAAs) in three batches. They are co-appointed by Xinhua and the State Council Hong Kong and Macao Affairs Office (HKMAO). So HKAAs have the right to speak to Lu Ping, the HKMAO chief, as well as Zhou Nan.

The HKAAs were given their certificates in Beijing, and were welcomed by Chinese leaders Jiang Zemin, Li Peng, Zhu Rongji, Wu Xueqian and Zou Jiahua.

On the top of HKAAs, the PWC contains 30 Hong Kong representatives. Many of the PWC members are also HKAAs.

And there are 28 Hong Kong deputies to the National People's Congress (NPC) of China, plus 79 local members of the Chinese People's Political Consultative Conference.

They are hand-picked by Xinhua. And although officially the NPC deputies are elected by the Guangdong Provincial People's Congress, the election is not competitive.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

END OF

FICHE

DATE FILMED

1 FEB 1995

